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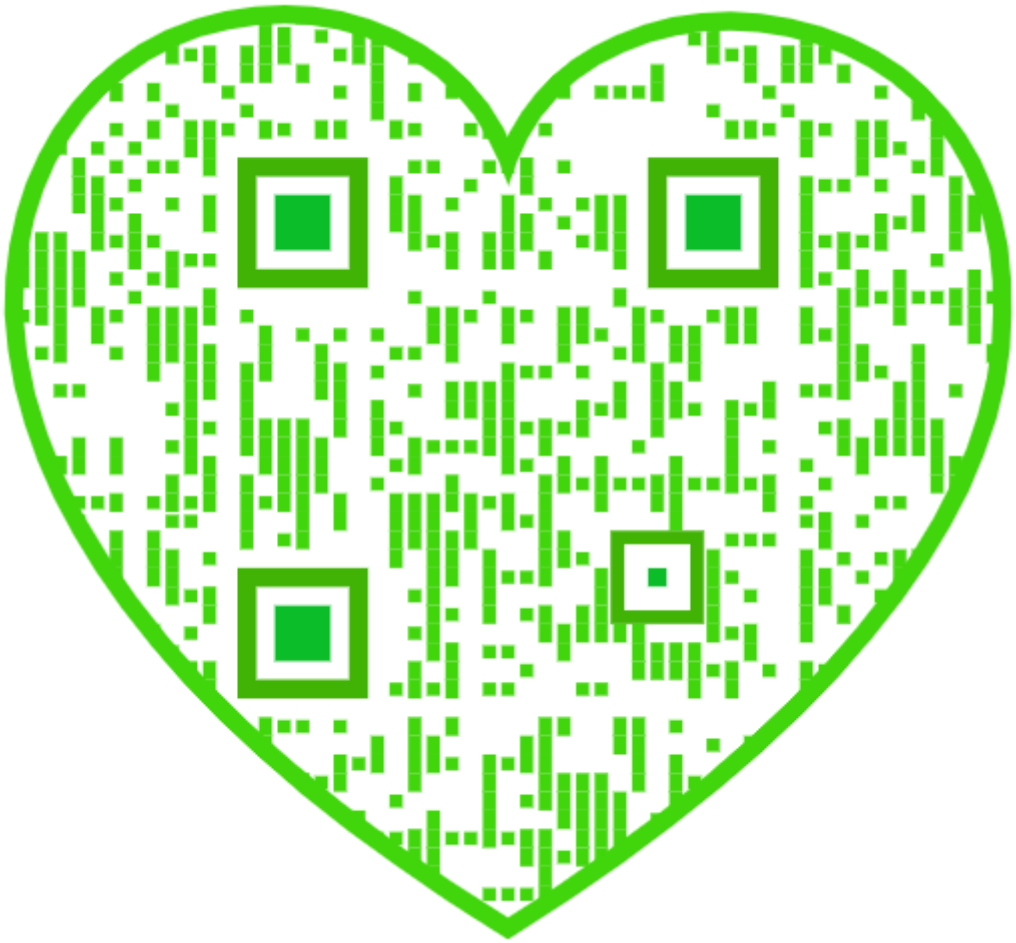

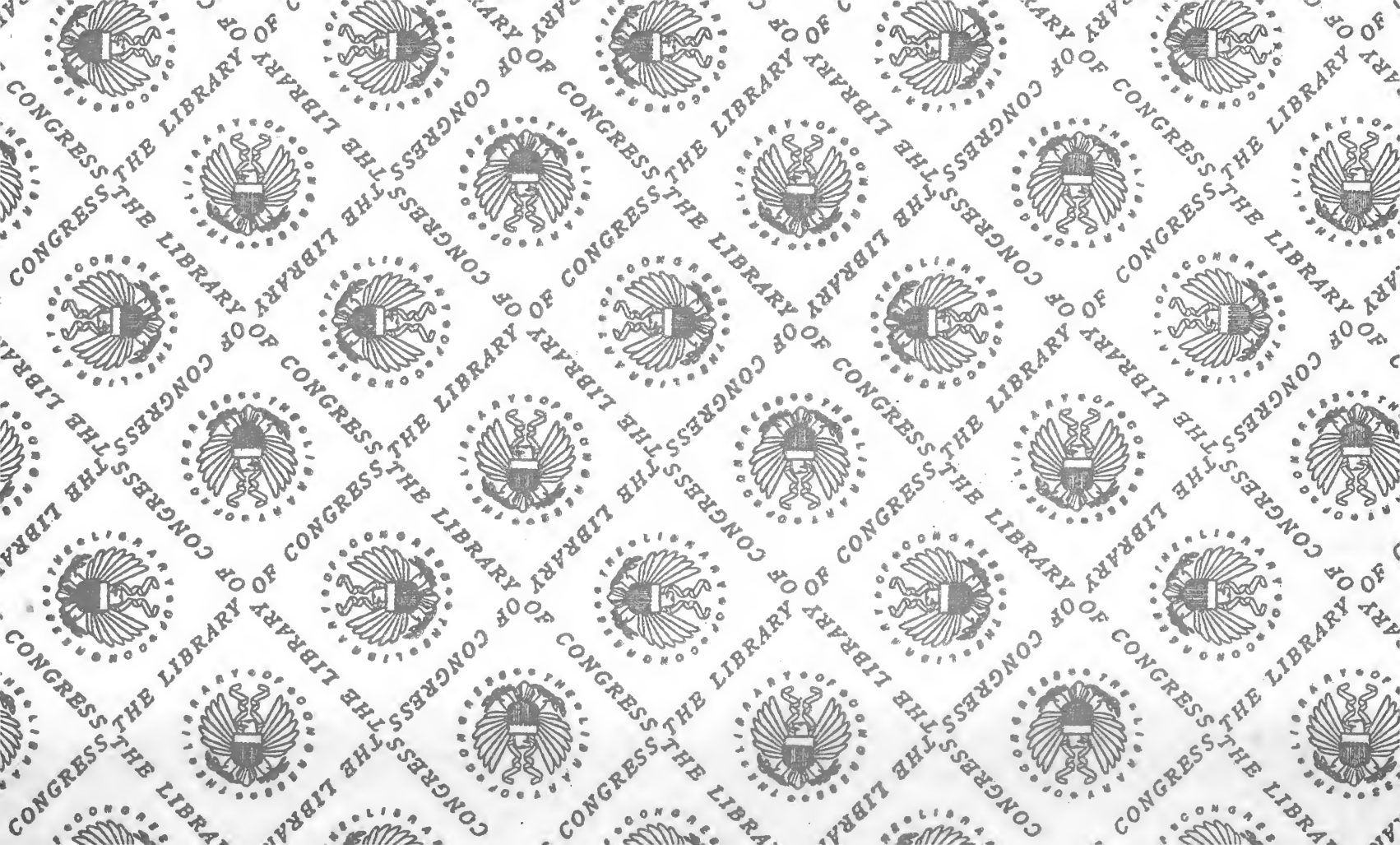
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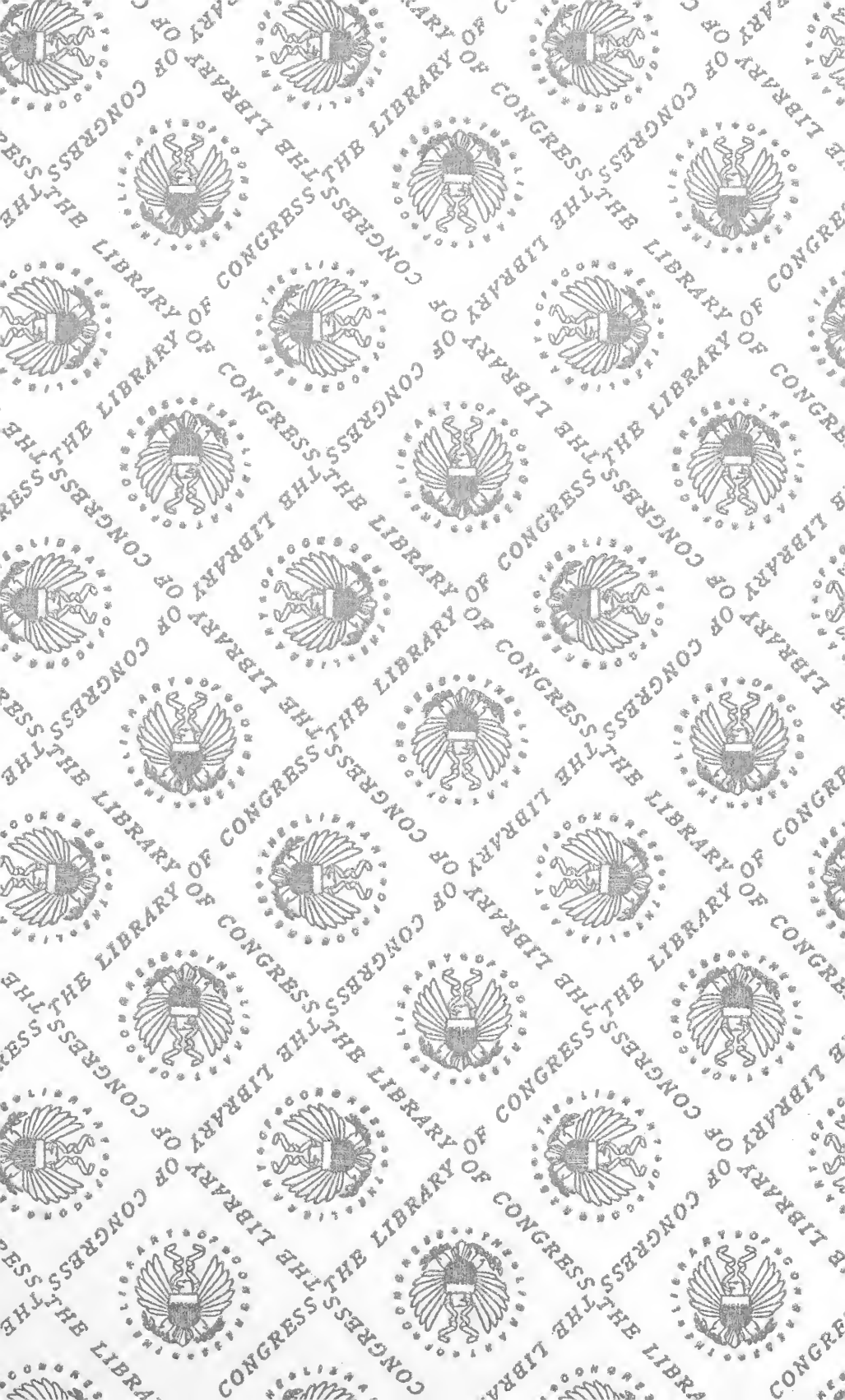
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The Washington Arch

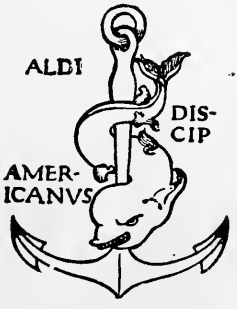
"Let us raise a Standard to which the Wise and the Honest can repair. The event is in the hand of God."

THE COST OF COMPETITION

AN EFFORT AT THE
UNDERSTANDING OF FAMILIAR FACTS

BY

SIDNEY A. REEVE



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TO MY COUNTRY

IN THE APPROACHING HOUR
OF THIS THE THIRD VITAL CRISIS OF HER HISTORY
IN THE FAITH THAT TO THIS STANDARD
WHEN ONCE THE INVISIBLE FOE IS DISCERNED
THE WISE AND THE HONEST, THE BEST OF HER LIFE-BLOOD
WILL REPAIR IN HER DEFENSE.
THIS BOOK IS INSCRIBED

ABRAHAM LINCOLN

Speaking in INDEPENDENCE HALL, February 22, 1861:

"I am filled with deep emotion at finding myself standing in this place where were collected together the wisdom, the patriotism, the devotion to principle, from which sprang the institutions under which we live. You have kindly suggested to me that in my hands is the task of restoring peace to our distracted country. I can say in return, sir, that all the political sentiments I entertain have been drawn, so far as I have been able to draw them, from the sentiments which originated in and were given to the world from this hall. I have never had a feeling, politically, that did not spring from the sentiments embodied in the Declaration of Independence. I have often pondered over the dangers which were incurred by the men who assembled here and framed and adopted that Declaration. I have pondered over the toils that were endured by the officers and soldiers of the army who achieved that independence. I have often enquired of myself what great principle or idea it was that kept this confederacy so long together. It was not the mere matter of separation of the colonies from the motherland, but that sentiment in the Declaration of Independence which gave liberty not alone to the people of this country, but hope to all the world, for all future time. It was that which gave promise that in due time the weights would be lifted from the shoulders of all men, and that all should have an equal chance. This is the sentiment embodied in the Declaration of Independence."

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INTRODUCTORY

A GLANCE at any one of the outbursts of civilization which history has recorded in the past reveals the world as primarily occupied with, successful at, and characterized by some one principal line of effort. Egyptian monuments, Phœnician commerce, Greek art, Roman law and politics—each of these, to the student of history, means a tremendous picture of human activity. The spectacle of an entire people given over, for generation after generation, to the development and perfection of some task assigned to it by the force of destiny is inevitably a sublime one. The task is a need grown out of the world's evolution. The doing of it involves that devotion to the ideal which carries the race of man to its highest step toward the divine. The fruit of it is a solidification of an additional course of masonry in the edifice known as human progress, upon which may be reared the later superstructure as upon a foundation. Hidden though be the original foundations in the depths below, unrevealed though the Architect's final plan, the splendor of the whole is unquestioned. Devout admiration is the only emotion possible to him who approaches the study of the structure in its most temporal detail. Such sentiment has characterized the serious-minded of all ages.

A similar glance at the age in which we live reveals its keynote and countersign to be the production and distribution of wealth. However essential to daily existence

may have been this occupation at all times and places, hitherto it has been felt, by the unconscious philosophies of those times, to be a necessary evil and has been relegated to individuals or to classes who, whatever their power for the moment, were not freely considered as of the best life of the community. The sword, the cassock, or the woolsack typified the real business of men; the necessary commissary might demand the attention of a few who were worthy, but it was an unfortunate few.

Far be it from the present purpose to perpetuate this doctrine, to teach that in "these degenerate days" the work of feeding and clothing itself has degraded mankind. Man is not falling into degradation. The higher things of life still remain as highly esteemed as ever. But to their rank has been elevated, by the slow fermentation of the Baconian philosophy, the world of tools. "Arma virumque," sang Virgil. "Tools and the man," sang Carlyle. Neither the honor of arms, nor priestly sanctity, nor judicial dignity, nor the magic of brush, chisel, or reed has fallen in estimation. But there is rising beside them a worldwide recognition of the fact that in the feeding and housing of the race there lies as high and brave an opportunity for the formation of enduring beauty as in any of the other walks of life. The world has given itself up to the peaceable conquest of the world. The bowels of the earth, the abysses of the sea, the mysterious power of sunlight and lightning, the still more mysterious, unfathomable possibilities of the swarm of human beings everywhere about us,—all these must be subjugated by studious humility and untiring service. To their understanding, to their intimacy, their coördination, and, finally, their control, is being given the best life that Mother Earth can produce. To produce and distribute the material boons won by such study, to the myriads who

have sprung from her bosom in this summer of political liberty, is the greatest and highest need of the age. To it are devoted armies of loyal men and women such as the world has never before seen, leaders worthy the command of such armies, and the moral support and guidance of sages and priests as near to God as were Moses and the prophets.

The age in which we live must go down to history as the Age of Supply and Demand. It is the age when the millions demand, in the economic sense, as they never did before. Their demand is not the fitful, overwrought, short-lived cry of the famine-stricken and the oppressed of the past. Famine is always local and always weak; oppression quickly either kills or stuns. It is the demand of the healthy and the free which now is heard,—deep-breathed, sustained and sturdy,—the exultant shout of the living, not the despairing shriek of the dying; and it arouses out of the latent an equally sturdy response. To its aid comes such Supply of all things worldly good as has never before been seen. The greatest business of the world is supply. Incidentally we do a little fighting, a little legislation, a little administration. But the fighting is for trade, the legislation is of commerce, the administration is of industrial forces. Still more incidentally and fractionally we enjoy a little decorative art, a little music, a bit of belles-lettres. But, as a race, we are not in earnest about it. Our occidental civilization is as yet at breakfast and the morning chores, so to speak, earning leisure and disposition for the amenities of the later hour. But when this preliminary task is once done, when the modern world, fed with this giant Supply, shall have learned to choose wisely between gluttony and asceticism, to the end that its days shall be filled with the inspiration of natural life, when it shall have really turned its united

best energies to the production of Beauty befitting its Strength, then will the hitherto unparalleled schools of classic art pale in the light of a sun whose mere dawn is now beyond the scope of accurate imagination.

In human progress of some such sort, to a goal more brilliant than the imagination can depict, most educated people believe. But the faith is usually rather vague as to immediate detailed steps, as to ways and means by which it may be furthered. Very often, indeed, appears in public opinion, even of the better sort, a fundamental inconsistency: the combination of such an expressed faith in that ultimate growth, of which the present moment must of course form a part, coupled with a complete contemnation of all the existing social forces which are together constituting the moment's progress.

It is in the hope of somewhat clarifying both these fields of misunderstanding: the complexity of existing forces whose intricate play constitutes the body politic as we see it at present, and the future lines of progress which may be expected to result from their natural development, into consistency with each other and with those natural longings which ever spring spontaneously within the human heart, that the following analysis and synthesis has been undertaken and is here presented.

To this end it is necessary to begin at the beginning. Indeed, the greatest problem is to find the beginning. Upon what unassailable foundation may we erect our philosophies of modern economic life? Of the moral fundaments the Christian world is sure and in agreement: love, justice, charity and industry cover well and briefly the ground for all moral guidance. But do they, unamplified and undefined, answer the questions of the day?

Here upon our hands is the social problem: of slums, palaces, crime and corruption. Is it, can it be, after so many centuries of human progress, merely the fruit of our having also on our hands and hearts too little of love, justice, charity and industry, in their abstract moral expression? Is it true that the slums are due to laziness, the palaces to industry, the crime to hatred and the corruption to innate disloyalty? Are all of the economic phenomena which we see about us the direct result of moral promptings in the individual heart? Do all such spontaneous promptings find possible expression in our social conformation? All things being taken together, is this probable, or even possible?

It certainly seems not. And yet, the simple old-fashioned formula for the explanation of all actions: that they are prompted within the individual heart by impulses which are beyond scrutiny outside of the psychological laboratory, beyond explanation except by the inevitable iniquity of human nature and beyond control except by moral suasion and the direct intervention of Providence, —this formula once abandoned, what may properly guide us? Where may a Baconian philosophy of social metabolism, lacking yet a perfected psychometry, find a rock on which to plant its feet? In a social organism, what are the fundamentals? What things are of most worth?

Since the days of Saint Paul the question has been asked; and never has it needed answer more urgently than now. With formulæ and statistics the suffering world is rightly growing impatient. We prate of economic science; yet have we any such? The proof of a science is its ability to predict. Of social phenomena what measure of prediction do the schools offer? Our astronomy predicts its happenings to the fraction of a second. Our engineering science will spend five years of

work and millions of dollars upon a battleship or a tunnel, and predict to a hair the degree of usefulness of the result. Our meteorological bureau even predicts the movements of the wanton winds, days ahead. Yet our economic science predicts nothing. Not a war, not a panic, not a strike, not even a flurry upon 'Change does it pretend to predict, to the confidence of even a minority of its adherents. Not a single legislative body or policy is guided by its dictum. Degrees of taxation, amounts of penalties, etc., etc., are decided according to statistical record, it is true. But not a single broad law or fundamental principle of legislative policy may it lay claim to guide. Regarding impending war or peace, free trade or protection, expansion or contraction of the currency or of territory, punitive repression or lenient encouragement in penology, and a host of similar broad questions of public policy, it is either dumb or a Babel, so far as any accuracy or effectiveness is concerned. Men of the greatest natural intelligence and the best of scholastic equipment differ regarding them most widely, and with no hope of ultimate agreement except at the cost of experiment upon a national scale. Men of the most sincere patriotism seek its guidance in public affairs of the day only to turn away mystified and discouraged.

If individual opinion should quarrel with the sweeping validity of such statements as the foregoing, yet it must at least admit their truth to a degree as characterizing the present social problem. The explanation of the situation is that economic science as yet lacks fundamental principles. It is a vast mass of undigested statistics and secondary, untested formulæ. To parallel such principles as that of the conservation of energy in physics, the Newtonian laws in mechanics, the Keplerian laws in astronomy or the Darwinian law in organic evolution,—principles so

broad and so firmly founded that their validity may be relied upon in novel contingencies where concrete evidence is entirely lacking,—it has nothing to offer. It knows not which is beginning and which is end, which is cause and which is effect, what is reality and what is empty form.

To replace this chaos with a complete and adequate social philosophy may not be the legitimate aim of any one book or man. But to start right in the search for it, to begin at the beginning and to pick out the fundamentals,—to at least pick out one of them,—may properly and profitably be undertaken now. If it be done conscientiously it cannot but lead us upwards, into a better understanding of that organic whole which we call Our Country: which is not the earth mapped out beneath our feet, nor the skies above, nor even the mere aggregation of individual Smiths and Joneses which walk between; but which is that method and form of union of all of these features into a single organism, by cementing institutions and laws of which we may be justly proud or must be justly ashamed, into a whole of which we are each of us a part and by which, whether we will or not, whether we be patriot or traitor, millionaire or pauper, we live and we die. This is our country.

To this great Absorbent, Mold, and Expression of us all, what things are of the most worth?

PART I

The Economic Cost

I

VALUE

IT may be that either nature or God has in mind some final purpose toward which the existence of the human race constitutes an essential step. Since the dawn of human history man has been prone to believe so. The struggles and the pain of life put upon him a pressure which he can hardly bear. His strength fails him; his courage falters; he needs help and consolation from without. He finds it in hope,—the hope of a reward hereafter for the fruitless endeavor here below; or, if the faith in a life after death is wanting, there arises at least a faith that the brief and joyless period of work allotted to us now will bring permanent joy to some ultimate development of life other than ours which shall have attained a permanent state of happy existence. All forms of prayer consist, in one way or another, of a faith that we here below constitute a part of an Infinite Enterprise to which our endeavors contribute and for which, therefore, they were undertaken. The faith is as old and as natural as life itself.

And yet, when observation is made of the details of the way in which nature conducts her daily processes of life, there is visible no evidence of any such Ultimate Purpose. There appears only a striving after one concrete thing: Perpetuation. Man's instinctive faith may be true. His spontaneous moral promptings may be broader in their perceptions and conclusions than are his intellectual fac-

ulties. There need be no denial of the existence of the ulterior goal. But if it does exist, it exists in such a way that a whole world of life is but one unit in its structure. Nature's only visible purpose is to multiply and to strengthen life. This life may mean a growth into ultimate permanent ascendency over all evil and suffering; it may mean hopeless struggle against degenerative forces until their irresistible march ends in death and nothingness. For the present it matters not. Taking the world as we see it, going only so deep as we can fathom with certainty, leaving all hopes and faiths to religion, there stands out but one fundamental fact as the base for all study of human life, either as a biological phenomenon or as the necessary starting point for all sociological discussion:

The Object of All Life is Life.

To the one other fundamental factor plainly needed to fill out the premises—the factor of Growth—we are forced to accord a secondary position, to place it in the conclusions, so far as immediate argument is concerned, rather than in the premises. The primary force which promotes it we have as yet been unable to define. The goal toward which it is driving us is as yet announced only in the creeds of religious faith, and there often unformulated. But whatever may prove to be the truth as to either, certain it is that they remain as corollaries to the first proposition. Growth cannot take place unless perpetuation of the present be first attained. Progress implies primarily that provision has first been made to forefend retreat. Reproduction of the existing, each after its own kind, is the

first office of life, the first law of God, the first great human fact.

Also growth in numbers necessarily precedes, as a basic foundation for, growth in kind or quality.

The truth of these statements is most palpable in the lower forms of life. Here it is incontrovertible. It is a prime characteristic of all the lower orders of existence that there is very plainly no other object in view except reproduction. Every step in the development of insect or crustacean is planned to this end; and while it can be said that there are other imaginable paths of approach to the final result than those actually followed, that many of the stages of development of the individual appear to be irrelevant and to exist for other purposes, such as food-supply to other forms of life or for the sake of mere beauty, yet it can be replied with equal force that this too, in the few cases which have not yet been connected with reproduction, is life carried on for the sake of life. The consummate fact, in most of these lower levels, is that the process of procreation ends the individual life. If nature has any use for the individual insect other than the production of more insects, those duties are not performed after procreation is accomplished. That act ends activity. All duties performed before that culmination, on the other hand, must be regarded as accessory to what comes after.

For instance, the storage of pollen by bees is very plainly an act performed for the sustenance of offspring. But nearly all bees store much more pollen than the young bees can consume. Viewed as a provision against loss by robbery, storm, etc., this surplus stands purely as a safeguard against possible failure of the next generation of bees, under average conditions of interference from without. But viewed in its broadest sense, this surplus is a

provision for the life, if not of bees, then of bears and men. Even at so low an order of life as the insect is seen herein the elementary effort of one form of life to provide for another. The fact that it is done unconsciously and unintentionally does not affect the result.

As the development of life in the higher and higher forms is observed, it becomes plain that this parallel surplus provision for other life than the immediate offspring becomes more and more prominent. In the first place, the care for the direct offspring has become more complex. Gestation has succeeded egg-laying. Infancy under care and tutelage has replaced larval development. The amount of care bestowed upon the young has tremendously increased, and still grows with every advance in height and complexity of existence. But the proportion of life-effort preceding completed reproduction of the adult offspring has markedly decreased. In the insect all of life commonly precedes the mere appearance of the succeeding generation. There is no lap of generation over generation. In man not more than a third of life is past before reproduction is undertaken, and not more than two-thirds before it is completed. The generations lap over each other until sometimes as many as three succeeding adults exist at the same time, with the fourth generation in well-developed infancy.

The remainder of the life-effort of these higher forms of life, after reproduction is cared for, very plainly goes to other ends than the care of immediate offspring. Even in the brutes this is apparent, in embryo. Some effort is spent in organization and in the costly struggle by which leadership is determined. Food-supplies for other animals are accumulated, as by the deer for the wolf; vegetable growth is fostered or regulated, as by the earthworm or the browsing herbivora or the pollen-carrying honey-

gatherers; servitude is even accomplished, as in the aphides to the ants. In the last development of animal life it becomes domesticated and subservient to man. As beast of burden and as provision of food and clothing, the beasts alone made man first possible.

In human life itself this parallel provision for other forms of life than that of the immediate offspring reaches its highest and widest development. Whether a man unselfishly wills it or not, all of his life-effort, after his children are cared for, goes to support others. They will fatten upon him and upon his work, though he be a miser or a murderer. He contributes to industry, to commerce, to politics, or to art all his life long; or if he succeeds in failing to contribute even a mite to these, medical science is at the last the richer for his life, his pain and his death. If he even be no more than one unit in a column of statistics, or a mere pestilential corpse whose presence forces mankind to consider pestilence for a moment, what little he accumulated or inherited of life has gone to enrich or to fortify the future race. Nature wastes nothing. In no department of nature is this so true as in human life.

All civilization is made up of this fact. Civilization, indeed, is nothing more than this fact become a conscious one. The great majority of men recognize and strive to meet their duty to others. Military patriotism is elemental. The first Society arose upon its back. Man lived and died for his country almost before he had a country. Later came civic patriotism, art, science and invention. With their spread have come peace, freedom and enlightenment. With them, too, have come hospitals, asylums, refuges and reforms. Not all the evil love of all the good gold in the world has been able to lure man from his first devotion to the conservation of life; he has reserved only a secondary, minor homage for indus-

try and commerce. At every turn of civilized existence life is held sacred, inviolate and invaluable. No expense is held too great to warrant the extension of care to the worst mutilated body, of justice to the meanest criminal. The highest devotion known to mankind is daily visible in medicine and in nursing; the broadest patriotism is incorporated in our common judicial system. Of all the institutions of man, the gallows and the slums alone stand in contradiction of this universal sacredness of life.

Life, then, *is* sacred. It is the sole object of all life, of all effort, of all inspiration. For its furtherance, and for that alone, exist not only the family, the school and the factory, but all science, all art and all religion. To discuss its "worth," even to raise the question: "Is life worth living?" with hope of profitable answer, with other object than merely to kill time,—life for the moment apparently being worth nothing better,—is a mere lack of life, is partial death or temporary insanity. For a mensuration of its value, in any external unit, is as impossible, as incomprehensible to the human intellect, as is the definition of space or time. They are indefinables all.

Nevertheless, man occupies and makes use of his own little atoms among the indefinables, or even among the infinities. He employs space and time, and life itself, for his purposes. He must have ideas of quantity in connection with them all. He must have units of measurement. But he needs to use rational, comparative units: of time for measuring time, of space for measuring space, of life for measuring life.

This measurement of life man actually essays. As the flotsam of life is tossed before him for consideration, as love, riches or institutions, as knowledge, opportunity or inspiration, are held up for his comparative estimation, the

decision, speaking broadly, always finally turns upon the question: "How much of human life will it support or elevate?" Temporarily or locally fancy or ignorance may warp the judgment, and this rightful arbiter of the issue be forgotten; but sooner or later nature reduces the question to its lowest terms: "The greatest good of the greatest number." That which brings the opportunity of life to the greatest number, or in the greatest purity, or in the greatest complexity of composition, inevitably survives. The fruitless fancy, the vain ambition, the selfish greed, the malevolent craze, succumbs. Art may flourish, empire may widen, knowledge may take root and grow, culture and refinement may be of the most extreme, aristocracy may flaunt its heraldic emblems and prune its ancient genealogical trees; yet if the solid promise of unlimited opportunity for future billions be not incorporated therein nature sets upon it her stamp of disapproval. It withers and dies, is buried and lost. In its place sprouts the seedling of a new life, vigorous and unlovely, but true to its duty toward the unborn hosts. It thrives and prospers. Feeding upon the carcass of the lost, it attains the promise of which the other failed. Life is multiplied and widened and elevated. Life, the object of life, has been accomplished.

This estimation of life in terms of life is a true valuation. It is the only possible true one. In the attempt to gain any comprehension of the idea of "worth" or "value" of life, it alone brings satisfaction. It alone is in no danger of the *reductio ad absurdam,* as of an attempted equation between minutes and inches.

Yet this satisfaction referred to must keep plainly in view the narrow limitation of the valuation. It is purely a comparative one. It measures life only in terms of

life. For instance, a clam values mud and tides and art and music solely as they are conducive to clam life. It would be a very unnatural, crazy or morbid clam which did not. But a man must value mud and tides and music and art solely as they are conducive to human life. Therefore, the two valuations must differ hopelessly.

Further, there must be great difference in the value of a thing for human life between one time and another. The land, the utensil, the institution, the occupation which at one time may have had a very high value in the support of human life, at another must have a very different one. It may have afterwards lost all of its potentialities for succoring life. It may have become even destructive of life, and therefore come to possess a negative value: a thing to be cut out and destroyed, even at cost. Plainly, all hope of permanency of value must be abandoned.

Nevertheless, full emphasis must be laid upon the fact that the value exists. It is a natural, concrete fact. Any imaginable Thing possesses a certain latent ability to foster human life. This ability may be recognized and employed; it may be ignored and wasted. If the ignorance and waste apply to the entire race, it must be regarded as inevitable at that stage of human growth, and that the thing in question possesses no immediate potentiality for that particular sort of life. But if the waste is only on the part of an individual, or of a fraction of the race, there then arises a question concerning the *valuation* of the thing under discussion by the various individuals concerned, and this valuation is a thing quite apart from the natural value of the object.

For instance, the petroleum-deposits of North America were known to the aborigines, but were employed not at all, or only as medicinal agents. For the support of Indian life petroleum possessed practically no value, while

bison-meat possessed much. Now that the country is populated by civilized whites the petroleum possesses great value and the bison none. Yet to the few remaining Indians the petroleum is still almost valueless. Originally, the value of the petroleum was nearly zero and the savage's valuation of it was correct. To-day the value of petroleum is very great and the Indian's valuation of it, which has remained substantially unchanged, is quite erroneous.

In the following pages, therefore, the following definitions and distinctions will be applied to the terms "value" and "valuation."

Value is the potentiality of a thing for the support of human life and growth. In the measurement of this potentiality the average existing stage of development of the race, and hence its possibilities for utilizing the thing, must be considered; but this point once defined,—and it may or may not be included as a natural fact of environment,—it may be asserted that value is a natural attribute of a thing, inalienable and unalterable by human will except as either the thing itself or the knowledge of the entire community regarding its mode of consumption is altered as a means thereto.

In this sense, value is nearly always made up of two factors: the original and the contributed. The original consists of its chemical and physical properties, its plenitude of distribution, its geographical or topographical accessibility, etc. The contributed is always capable of inclusion under the term scientific or technical knowledge. Thus, nearly all of the substances which are now relied upon as the raw material of modern industry were known to man before their possibilities were appreciated and utilized. Coal was known and used before the steam-engine

gave to it its present fundamental importance in the sustenance of our civilization. Part of its value lies in the fact of its being coal; part has been added by man in the invention of the steam-engine. Its thus compounded value has been further supplemented by the invention of coal-gas, and again by the appearance of the gas-engine, of aniline dyes and of a thousand other additions to the technical attainments in industry which rest primarily upon our coal-supplies. There is scarcely a step in advance in modern methods of production, in any line of invention, which does not enhance the value of coal.

If it be preferred, the distinction may be kept in mind that only the original value of the coal should be assigned to it, the increments due to steam-engine, coal-gas, etc., being conserved to the credit of those implements themselves. Neither plan will be found to be ultimately correct; the implements would be entirely worthless without any coal; the coal would be almost worthless without the implements. But the distinction between the two plans is quite irrelevant to our further argument and is mentioned here merely to prevent misunderstanding and to allay fear that it might have been overlooked in the analysis. The point is, and it will be made clearer and more emphatic in later elaborations, that man, by his skill and industry, can affect existing values or produce new values; but it is also to be emphasized that he does it *solely* by either discovery or invention, by the overcoming of purely natural obstacles, to the increase of Human Knowledge.

Because it is so widely accepted as axiomatic, by the average man of affairs of the day, however, that the ideas of *value* and of *price* are identical, especial warning is also to be inserted here to the effect that the understanding of the reader should be kept neutral as to the defini-

tion of price until the latter is reached in the analysis. So far is it from the truth that value and price are synonymous that it may be stated, as a general coincidence, that nearly all of the factors just stated as increasingly contributory to the value of a commodity actually result in a decrease in its price. The invention of the steam-engine, for instance, which has added enormously to the value of coal, has very markedly decreased the price of coal. There is no fixed inverse relation between the two; but, on the other hand, there is no direct one either.

Valuation, quite in contrast with Value, is the human estimation of the value of a thing, on the part of an individual, of a fraction of the community or of the entire race. It must always be regarded as a human and faulty approximation to the natural reality—Value. It is intensity of desire, although not always visibly expressed, in the face of proposed exchange. It is a function of the mental and psychic make-up of the individuals concerned, and differs in each. In most of our use of the term later in these pages it will be understood to signify the *average* valuation amongst a certain number or class of individuals. The context will reveal in each case which is meant: individual or average valuation.

Valuation is easily alterable by man, without any alteration either of the thing itself or of the available fund of the world's knowledge regarding its consumption, through the medium of fashion, education, persuasion, duress, emergency, etc. All that is needed, in order to affect valuation, is to influence the mental attitude of the individual, or of a number of individuals, toward the thing in question.

Thus, large diamonds (to exclude the unattractive little ones utilized in the arts) possess very little real value. It

is doubtful if they in any way aid in the support of life or growth, even in a minor degree.[1] But their valuation by certain individuals and classes is very high. Pure water and fresh air, on the other hand, are of the very highest value; yet until recently they had a very low valuation, as compared with diamonds. Even to-day impure air and water are accepted without complaint by ladies who would feel it a hardship to be compelled to appear in evening dress without their diamonds.

Diamonds will serve as an illustration, too, of how the valuation of a thing depends upon personal forces quite differently from value. The value of diamonds depends upon our knowledge as to their usefulness in the arts, at present confined to minor grinding and drilling processes. Future discovery may unearth much wider fields of productive usefulness for the diamond than these, and so enhance its value. In this sense, and this only, its value is variable with time and effort. But its valuation is artificially variable in many other ways. The present high valuation of the diamond does not depend upon ignorance of the fact that it is good only for grinding. Many people who know that fact, mentally if not spiritually, still prize decorative diamonds highly. It depends upon personal vanity, in the first place, upon fashion in the second, and upon the possibility of acquiring wealth by means of mere personal attractiveness in the third. Alteration in either may take place at any time, in an individual or in an entire community, by artificial influence, quite independently of any alteration in human knowledge as to the productive usefulness of diamonds.

[1] This does not necessarily imply that decorative art, even as applied to personal adornment, is useless for maintaining life, in quality as well as in quantity. It merely raises the question, or assumes it negatively, for the purposes of illustration, as to whether or not the diamond is really decorative, as usually worn.

There is no fixed or natural relation between the value and the valuation of a thing. With the great majority of natural objects now undergoing study the full value is not yet perceived; valuation is far below latent value. The efficiency of valuation, so to speak, is low. It may, indeed, in this sense, be regarded as necessarily less than unity. But with many other objects, such as diamonds, alcoholic drinks, firearms and hereditary titles, the present valuation far exceeds the value. With these the explanation lies in the very low value of the things themselves and in the irrationality of a fashion which keeps them in favor. But, as will be developed later, quite other forces than these may lead to an excess of valuation over value.

II

PRODUCTION AND CONSUMPTION

IT has been observed that the object of all life and activity is the support and furtherance of life. Complete discussion of the ways in which this most complex process is carried out in human affairs would carry the argument into every detail of the arts and crafts, into manufacture, commerce, legislation, literature, science and decorative art. To properly limit and direct the present inquiry within profitable bounds it is sufficient to define it as concerning primarily the *relations* between the men and the things concerned only in that sort of life-support where the Value is embodied in an appreciable, material or merchantable thing.

The process of the expenditure of human effort in the creation of Value ready for the support of further life is known as *production.* The process of the expenditure of Value in the production of further supplies of human energy is known as *consumption.* The two together, each balancing the other, constitute that energetic cycle which is known as *economic social life.*

The form in which these processes take place to-day, however, in spite of their simplicity in principle, is far too complex to admit of their being passed by with the brief definition just accorded to them. An understanding of their exact natures and limits will require considerable discussion; and in this discussion, since all of these matters have long been under comment in a loose and popular fashion, many words familiar to every reader will have to be redefined. Nor will the definitions, albeit exact,

which have already been assigned to these words by previous economic writers always be found to be satisfactory for our present purpose. The definitions here chosen for them may seem to be arbitrary; but even so, they must be carefully adhered to if the naturally discouraging intricacy of such a topic as economics is not to be aggravated by the additional artificial difficulty of a misunderstanding of meaning.

At the start, these definitions will be listed somewhat succinctly, their significance in combination being brought out more gradually only by further development. When all is finished it will be found that the limitation just assigned to the argument, viz.: that it is to concern only the production and consumption of material, merchantable forms of Value, is a meaningless one. It will appear that the economic phenomena, the principles of social action and their biological reaction upon the individual life which have been developed in connection with material commodities hold just as true when the activity concerns the immaterial, non-merchantable forms of Value germane to the fields of science, education, legislation and art, including even religious inspiration. Indeed, it is one of the reasons why economic science stands to-day as so puerile and ineffective that it has ever been emasculated at the outset by the imposition of this unnecessary limitation. Nevertheless, since the material forms of Value are the more tangible, and so the better for the purposes of illustration, and because they employ the greater portion of the nation's activity at present, the traditional limitation will be retained, in opening the argument at least.

Land. The first prerequisite for the creation of Value, for the support of human life, is access to the natural stores of true raw material. To these stores, whether found in the field, the forest, the mine, the rivers or

the sea, is given, in economic parlance, the name of "land." Whichever of these it may be, the word is ever to be understood as referring only to the natural locality, or *site,* and never to any artificial aids to the development of its resources which may have been added to it by human labor.

The more complete definition of the term land, together with a discussion of the nature of rent, will be found in Chapter VII. For the present it is sufficient to point out that the essential importance of land as the first means to the support of human life has led to its being, since history began, the prime object of contention between man and man. Not even religion or love, the two greatest epics of the race, have been able to lay claim to so great an expenditure of human life and strength, or have been responsible for so great a fund of human cruelty and suffering, as has the struggle for access to and control of the most favorable portions of nature's bounty in the form of land.

Tools. With primitive man the methods of the production of wealth were of the simplest sort. Vegetable food was gathered and prey captured by the diligent use of the naked hands. The first departure from this primitive simplicity lay in the invention and use of tools. Decided advantage was found in the use of a cudgel to emphasize the force of a blow, or of sharp-edged shells to aid in cutting and tearing. Herewith arises the first distinction between the different sorts of things external to man, in his efforts at the production of wealth, between *raw material* and *capital.*

Raw Material is the material substance which is pre-essential to and which is passed through the hands of labor in the latter's efforts at its transformation into some-

thing of greater value for the support of life. In the most primitive industry it is difficult to distinguish between raw material and land. In lumbering, for instance, the forest-trees, grown without cultivation, stand as a purely natural resource; and in selling timber-lands the character of the trees standing thereon is usually much more of a consideration than is site or soil. When the husbandry applies to a vegetable form of wealth one degree more complex, as in the harvesting of grain, for instance, where the growth has had to be fostered by cultivation, it is only the soil itself which is the near approach to raw material; the grain itself must be regarded as the fruit of labor expended in cultivation.

In modern industry this complexity has grown from an incidental into an all-important feature. In considering any fractional portion of the labor of the country, raw material no longer means what it did when man turned universally and without restraint to primitive nature, to the primeval forest or the uncultivated plain, for supplies. Now almost all raw material, as the term applies to a single factory, or even to an entire industry, means the product of previous labor, placed in the hands in question for the addition to it of still further increment in value. Such raw material is merely the result of labor which has been exerted at some previous time, crystallized now into inanimate embodiment and capable of transportation and exchange.

It is the primary purpose of labor, in its handling of raw material, to thus treat as much of it as possible, with as little loss in quantity and as great a gain in value as possible. The final rejection of the finished article to or toward the consumer is as complete as possible. Indeed, the labor cannot be considered as being productive labor at all, and therefore to be included in economic discussion,

unless it does increase the value of the raw material and unless it does reject all of this increased value toward the consumer. In both these respects will be found the characteristics of raw material which distinguish it from the tools or capital also employed by the labor which treats it, viz.: that the capital is never altered in value and is not rejected toward the consumer, but is retained intact in the users' hands.

It is to be noted that there are some commodities consumed by factories, such as coal, oil, etc., commonly known as "current supplies," which must be included as properly constituting raw material, although they disappear during the progress of the work and do not reappear as a part, in a visible, concrete sense, at least, of the finished product. Invisibly, however, they are incorporated into the work and into the result.

Capital is the assemblage of tools, large and small, the buildings which shelter them and the work, and the permanent power-plant which drives the machinery, which is requisite for the prosecution of modern industry. The term includes all which labor employs, but does not consume or transform, which labor can produce. This definition excludes raw material, which is, in one sense, consumed; more properly, it is transformed and passed on. It includes all improvements on land, but excludes unimproved land, or *site*.

Depreciation. It is the characteristic of capital, which distinguishes it from raw material, that labor aims not at its absorption and transformation into finished product, but at its preservation unchanged. This last always proves to be immediately impossible. All capital suffers depreciation, or loss in value, by use or by mere ownership. Some of this loss is a function of time only, due

to decay, the cost of protection from fire, robbery, etc.; some of it, such as wear and tear, occurs only as an incident to its use. Both forms of depreciation must be made good by labor as a part of its daily task in the production of wealth. Whether the process be actually carried out or not does not affect the result. For instance, if the labor in a given factory produces goods to the valuation of $1000 each day, and during the same day the depreciation of the capital employed amounts to $100, the daily production of value really amounts to only $900. If the capital and the output be owned by the same parties, the depreciation may apparently be neglected and the goods sold for $1000; but the net increase of value to the community is only $900, nevertheless, and cannot be disguised into anything more.

Depreciation is that portion of the labor making use of capital which is exerted in the maintenance of that capital at constancy of value; it is an inevitable incident to the continuous prosecution of productive, tool-using labor. Although the emendations to the capital often enter the factory apparently as portions of current supplies, or even as of raw material, or are merely charged up on the books without concrete incorporation into the actual property,—or although it may be impossible to maintain the property in constancy of value, owing to its becoming antiquated,—depreciation belongs neither to raw material, nor to capital, nor to interest; nor is it chargeable against any other account than labor. It is labor's net cost incurred in using the capital, in preference to working without it. The real gain to labor due to its use is found by deducting from the apparent gain the depreciation.[1]

[1] Since raw material is equally chargeable against labor before any net production of value may be considered to have taken place, and since

Wealth. The purpose of the activity of the industrial and commercial organization of the country is the production of wealth. It is commonly supposed that this production of wealth consists merely of the activity of labor (using that term in its broadest sense) engaged in operation upon raw material with the aid of land and tools. If the situation be examined more critically, however, it will develop that it cannot be so tersely described, with accuracy, even when assigning to the words their broadest significance.

The word wealth is commonly defined as that which has valuation in exchange, and that definition will be adhered to here. Wealth is the concrete of which valuation is the abstract. But we have already drawn, as a fundamental idea, a wide distinction between Valuation and Value. Diamonds possess a high valuation, and constitute wealth of the most unquestionable sort; but they possess almost no value. A pure and ample water-supply, on the other hand, is of the very highest value for the support of human life upon any appreciable scale; yet the degree to which such a natural resource possesses valuation and constitutes wealth is, while existent, insignificantly out of proportion to the degree to which it possesses value. The water-supply is practically incapable of exchange, and is generally deemed not a fit basis for the development of pecuniary profit. Hence it falls mainly outside of our definition of wealth.

Yet, in the selection of factors of fundamental importance, it was Value, and not Valuation, which appeared as the sole firm basis for the raising of either an economic philosophy or a nation. Therefore, since it does stand,

both raw material (except in the most primitive cases) and depreciation actually made good are both crystallized forms of labor, depreciation will hereafter sometimes be classified as one form of raw material. But it is not really so, with perfect accuracy.

as a present fact, that the universally accepted idea of the economic world regards its duty solely as the creation of wealth, and since it now appears that wealth and value are fundamentally distinct ideas, it seems all-important to investigate carefully the difference between the two. The natural program for this investigation is first to examine the process of the production of Value, and afterwards to turn our attention to the creation of Wealth, or Valuation. It will aid the clearness of this task if we reserve the familiar word "production" solely for the activity aimed at the development of Value, choosing other terms, in due time, to indicate activities looking toward the acquisition of wealth and therefore to be contrasted with what is here to be called production.

Production

Production. In the production of wealth by the addition of value to raw material, labor undertakes two sorts of processes, viz.: *transformation* and *transportation.*

Transformation is the increase in the value of the raw material, by the *alteration of its form*: by its sorting, cleansing, grinding, burning, smelting, baking, molding, machining, polishing, painting, packing, etc., so that it possesses a greater potentiality for the support of human life than it did before.

Transportation is the addition of value to a commodity by the *alteration of its locality,* without change of form. (The definition is purposely worded to exclude any alteration in the locality of a commodity which does *not* enhance its value, that is, which does not increase its

potentiality for the support of human life. Effort of this last sort will receive its proper classification at a later point in the analysis.)

Although this definition is of the simplest form and although the industry of transportation is one of the most familiar to all observers, it is worth while to arrest attention for a moment upon the magnitude and importance of this branch of production. The underlying idea is very simple. For instance, a bushel of corn grown in the center of an agricultural district, where there is a surfeit of corn, possesses very little value. It frequently happens that its sole value is for use as fuel. In such case it is because all the corn which could be eaten, in that locality, has been eaten; as food it has done all possible to support life; yet there remains a surplus in surfeit. If this surplus be transported to a mining or a manufacturing district, where there is a surfeit of mechanical labor but a dearth of natural food-supplies, without any alteration in its form or nature whatever, it becomes immediately of great potentiality for the support of additional life.

This is the sole natural reason for the world's present enormous investment and current expenditure in steamships, railroads, wagons and horses, and their supplies. It is the one largest single industry of the world: for a large portion of the fixed factories of the land are really only accessory portions of our transportation-system, making steel ship-plates or railway-rails, marine or locomotive steam-engines, upholstery for cars and cabins, navigating-instruments and tables, horseshoes, coal, sails and cordage, signals, what not. Add to this the wages of the millions of sailors, railroad-men and teamsters employed and the sum total is appalling. This entire current expense to the world must be made up and overbalanced by the gain in value due to mere change in the

locality of the commodities handled, or it would not continue to exist.

Labor, in its efforts at the transformation and transportation of material commodities, cannot work under the guidance of its own intelligence alone. No amount of education may ever hope to effect that. The laborer may be most skilled in his work, but his task covers only a small portion of the total purpose to be accomplished. If he gives proper attention to his work he cannot also have a proper survey of its relations to the efforts of others. He fails to develop the best judgment as to the most profitable kind and degree of effort to exert. He lacks proper perspective in viewing the relations between his own pet task and the needs of the rest of the community.

Someone must be reserved from the duty of prosecuting the actual details of the work in order that he may retire to a little distance, obtain this needed perspective and cultivate broad-mindedness and judgment. He needs to have accurate observation of the peculiarities of the individual workmen. He must not fail in skillful appreciation of the external environment to the work. It will not do to let goods be produced which the public do not need or want. Foresight is also wanted as to future alterations in this environment: to variations in supplies of raw material, to fluctuations in demand from the purchasing public. Such is the office of

Superintendence. To direct, coördinate and control the efforts of labor, in order to bring it into a maximum efficiency of subdivision of work and of agreement between inside possibilities and outside conditions and needs. The first and most perfect development of superintendence arose in connection with military operations, which

must be considered as one department of productive labor, so important formerly to community-life was common self-defense. The reduction of the community of military laborers to a maximum of efficiency, in so far as discipline and direction can do it, has never been surpassed, in degree or perfection, in any other line of work. All more modern forms of superintendence are but the offspring of this more or less remote ancestor.

Accountance. A department of labor which may or may not be reckoned as belonging to superintendence is *accountance*. Whether it is to be so classed or not makes very little difference to the true understanding of the economic system. On the other hand, it is quite essential to such an understanding that clear distinction be drawn between two sorts of accountance, one of which is properly to be classed as a sort of productive labor and the other as something quite different. The first sort is that which accounts for the things produced: the shop-order book, the stock-list and the shop-cost accounts, etc. Definition of the other sort of accountance will be deferred until later in the analysis.

Design. A modified form of the direction or superintendence of labor is that of design. When it borders upon the artistic it of course calls for a very different species of ability from that best adapted for true superintendence. Yet the need for it lies very closely in the same class, and in the following pages no further distinction needs to be drawn between the two. Design includes the work of the artist, the engineer, the chemist, the author, the educator and the drafter of proposed laws, as well as the lower orders of current conventional design.

Invention. When the design lies in a field not previously trodden it is called invention. The questions

involved in the special value to be assigned to novelty of invention, to secure which to the inventor is the object of the patent-offices of the world, will not be entered upon between these covers. It is an important field, but it is irrelevant to our main purpose. Excluding these considerations, then, invention reduces to merely one department of design, that is, to one sort of superintendence.

Such is the complete skeleton of our system of production. There has been as yet no discussion of Methods with which to clothe the skeleton with flesh and form, but otherwise the structure is complete. The original raw material from the earth undergoes transformation at the hands of labor. Not all of the transformation being accomplished in one locality, nor any of it in the place of consumption, transportation is added: at first from hand to hand, then from factory to factory, finally to the consumer. In both processes labor makes use of capital, or tools, the current depreciation of which it must make good as it goes. In both processes it receives direction from superintendents, designers and inventors. These things together land at the door of the Consumer what he absorbs in the maintenance of his existence. From the original mine or field or forest to the finished package laid in the hands of him who permanently destroys it, by its absorption in the support of human life and not by its transformation into other things, is the field of Production. It is most important that this field of activity be not confused with any other class of human-effort hereinafter to be introduced into this scheme of analysis. Therefore the following schedule is presented, to display clearly its several parts in their proper relation to each other and to define them accurately in their segregation from all other industrial or commercial activities:

PRODUCTION = the TRANSFORMATION plus the TRANSPORTATION of RAW MATERIAL, viz.:

Stock and
Incidental Current Supplies;

From the NATURAL SOURCE, viz.:

The Field,
The Forest,
The Mine or
The Sea;

By LABOR, viz.:

Productive Labor proper, Unskilled and Skilled;
Labor devoted to overcoming Depreciation, and
Superintendence, including:
Organization and direction of the actual effort,
Design, and
Invention;

With the use of CAPITAL, viz.:

Improvements on Land,
Buildings and all
Tools, including both Hand-Tools and Machinery;

To its NATURAL DESTINATION, viz.: THE ULTIMATE CONSUMER.

Consumption

If a closed community be imagined, that is, one carrying on no trade with other outside communities, the producers would all be consumers also, each individual consuming what some other individual produced. Such a body politic would maintain itself in perfectly continuous operation, without any aid from any accessory process, activity, organism or source of energy whatever, without or within, so long as the supplies of original raw material: the mines, the fields and the forests, held out. Such a self-supporting body politic, in essential, is each state. Foreign trade may come as an addition to these activities, broadening, enriching and elevating the national life above what it otherwise would be. Other internal activities may be added to the purely materialistic ones just listed. These may be good and wholesome, and if so they may be classed merely as another sort of productive labor; the terms production and consumption may then be expanded to include the less tangible forms of life-support supplied by religious, artistic or scientific inspiration. Or they may be evil and destructive, and therefore never to be classed as productive. But whatever additon of the latter sort may be necessary in order to completely include all social activities within our category, it is plain that the former classification includes and exhibits all which may in any wise be regarded as the basis of the community-life. At the bottom, as its foundation, the state must be what has just been defined. However momentary exaltation or dementia may thrust up some short-lived peak of attainment above the mean level of life-support, the stable surface of natural life may never, under the law of the conservation of energy, hope to rise permanently and in equilibrium above the

level to which it is nurtured by its own current Production of Value, as just defined. Lower than this it may be, it is true. Moral obliquity on the part of the individual, false religion, false law, false public opinion or a racial unfitness to environment on the part of the community, may slur the natural result to be expected from the metabolism of this current supply of Value. The efficiency of transformation of economic into biological energy may be, and no doubt usually is, less than unity. But no imaginable force may ever make it greater. The sole measure not only of the economic but also of the political and ethical strength and independence of a country is the extent and the skill with which the aggregate process outlined above is carried on. The nobility and purity of its life depends upon the degree to which all extraneous, vitiating activities are excluded. It alone produces Value. It alone contributes to the body politic the various foods upon which all current existence,—all work, all play, all genius, all patriotism,—maintains itself and upon which all growth, of whatever sort, is based. What a country lacks of Production, as defined above, it fails of real existence, is become a pretense and a parasite, fed by others and revealing their strength, not its own. No claim may it lay to the nobility and divinity of life, except as may a fossil shell which still reveals the beauty of a life that is past and gone, or as the tottering impotence of a senility which mankind protects and reveres for what it has been. What a country possesses over and above material Production may be more complex or more delicate, or at least more highly esteemed; but it is all the fruit, the foster-child, the slave,—the dependent or resultant, under what name you please,—of Production: fed by it alone, rising possibly when it flourishes, dying certainly when it falls into decay.

Exchange. The value which each laborer in such a productive community consumes in support of his own life is that, or a portion of that, which he has himself produced. Originally, in pioneer life, this was literally so. Everything which the individual possessed was wrung from the soil by his own direct efforts. He cleared the land, built the house, raised crops, chased game for food and maintained flocks for the manufacture of clothing; the housewife performed all sorts of productive operations now relegated to the factory. [2]

To-day all this is changed. Each man specializes upon the production of one thing and produces that one to an amount which would constitute an enormous surfeit; were he and his family the sole consumers of it. But to-day universal Exchange enters, whereby he is enabled to trade the bulk of the special thing which he produces for the product of other laborers' toil. But what he receives and consumes is none the less the value which he himself produced, although it may not be the identical article. While he has exchanged forms of value, he has not altered amounts; he cannot get something for nothing. What he gives must be the equivalent in value of what he gets. Unless he has produced value he cannot consume value.

Therefore let all fiction regarding the income of productive labor being drawn from capital, or of its being presented by employers, be forever sunk into oblivion. The laborer, unless he be interfered with, gets what value he produces. He gets it because he produces it. No complexity of method may ever alter or more than disguise that fact. He produces it because he wants it, for

[2] In all such economic discussion the family appears, of course, as a unit, represented by the father or other male head. It is also to be noted that this method of life has now gone irretrievably from us, by a progress in the arts and sciences which cannot be reversed.

consumption in support of life. The opportunity to do these things: to produce and to consume is a part of Life. Where it comes from does not concern Economics. It is commonly accepted that God gave it, with all the responsibilities and privileges appertaining thereunto. If the life and the privilege of living be ever found to have been separated, it is because man has sundered what God had joined.

The income of value enjoyed by Labor, therefore, is what it produces, or some part of it. Accident or design may make the income less than the total amount produced, by the destruction or abstraction of some portion. Nothing can ever, by any possibility, make it greater,—except, of course, by the gratuitous addition to it of something taken from some other fraction of the laboring body.

Productivity. The current amount of value produced by an individual or a class or a community, or its *rate* of production, is called its productivity. It can occur only as a result of activity of some of the sorts already listed as together constituting Production.

Wages. The portion of its productivity actually received by an individual or a class is called its wages. Wages might, and theoretically ought to, equal productivity. In actuality it is always something less. The ratio of wages to productivity, for an individual or a community, will hereinafter be known as its *earning efficiency*.

From the above it is plain that the term wages covers the income of all of the different sorts of activity listed under Production. With many of these sorts the actual payment, in real life, is known as *salary*. Such is the case with most superintendence. With other sorts it is known as professional *fees*. Such is the case with medical prac-

titioners, for instance. They fall, in economic analysis, under the head of skilled labor; that is, they produce value and they produce it by their own exertions, not by those of others. The economic idea of wages, therefore, is far different from the popular, but loose and useless, idea of the term: of a dollar or so per day paid to an ordinary laborer, or even of five times that sum paid to a skilled manual operative. The economic term wages makes no distinction whatever between mental effort and brute strength; it relies solely upon the fact that the wealth received comes as a return for effort expended in the production of value.

Consumption. Where these processes which we have just defined collectively as production end, Consumption begins. There is no natural interim. Everything in the nature of the transformation or transportation of material previous to its actual consumption (except transportation, which does not result in increase of value) must be regarded as existing solely for its sake. The necessity of consumption in order to maintain life is the sole economic reason for production. That which does not alter the form or character of the article itself into a greater potentiality for the support of life, or in moving it really toward the Consumer, is not aiding in satisfying Consumption and cannot be called a part of Production.

This sweeping statement will receive much more attention and support later in the argument. It is announced here in order to attain accuracy of definition and to draw preliminary attention to an all-important but universally neglected distinction.

Further, the Consumer must not be confused with other economic classes by including under the same term the Purchaser. The purchaser is not a consumer unless he

consumes, unless he purchases solely for his own consumption, for destructive biologic absorption, and not for further sale or manufacture. To-day the great majority of purchasers represent not only intermediate, incidental steps in the great process of Production, but they represent activities which are not even incidental thereto, but which occupy a quite distinct class because evincing a quite distinct nature.

III

SPECIALIZATION AND COÖRDINATION

FROM the bare essentials of the process of production attention may now progress to a consideration of its parts and of the method of their inter-relation.

Modern methods of production not only illustrate, but they are fundamentally characterized by, a law, a process, which runs continuously and insidiously through all forms of organic existence. Not only are all economic processes based upon it, but all other organisms than the economic body politic exemplify it, in its broadest sense, in their animate activities. So universally does this law underlie all natural phenomena, including, therefore, all economic phenomena, that it is necessary to devote to its discussion this separate chapter. All through the current work it will be referred to and exemplified repeatedly. Only when this argument is finished will the reader possess the writer's sense of its importance in economic thought. This law is that of *coördination and specialization.*

It can be defined best by illustration, and for this purpose it must be reduced to its simplest possible form. To this end will be appropriated Mr. Walker's familiar illustration of the typical primordial economic society: the supposititious colony of fishermen abiding upon a rocky shore and relying solely upon the sea for its food-supply. It is to be supposed that it possesses no boats nor other implements of its trade, except the simplest hooks and

lines. In it the head of each family must be regarded as supplying by his own labor all of the wealth consumed therein; and that wealth must consist solely of fish.

Under these primitive conditions of production man would be subject to the maximum of hardship and of uncertainty of existence and the minimum of comfort and ease. The natural expansion of population would soon bring life into sharp contact with that limiting law of primitive existence.

The Law of Diminishing Returns

This law, stated most briefly, covers the fact that, *as increasing supplies of labor are expended upon a given natural field of effort, the return to each additional laborer becomes inevitably less and less;* that is, on any given fishing-waters, or hunting-ground, or tillable field, or natural opportunity of any sort whatever, the greater the amount of labor or the greater the number of workers on that field the less must be the return per unit of labor. The first comer gets the most fertile portion of the field or raises that amount of grain which grows with the least attention; perhaps, as in savage life, using only that which grows without any cultivation. Each additional bit of labor is spent in forcing from more and more reluctant soil a smaller and smaller response in fruit.

In the present illustration, in the colony of fishermen, the best fishing-grounds would soon be monopolized or fished out. Less productive ones would have to be resorted to by the later comers, and as the community grew in size the average production of fish per man would grow steadily less and less. Moreover, from the adversity of variation in natural condition of environment there

would be no shelter. When fish were plenty all would be well; but when fish were scarce the population which had been allowed to come into existence by the previous plenty would have no other recourse than to starve.

Finally, a diet so narrow as an unvaried one of fish, even in plenty, would be quite inadequate to support a grade of life higher than a very low type of savage. Nevertheless, for the sake of clearness of analysis, it is to be supposed that primarily these people had nothing to eat but fish.

The conditions which are thus illustrated in their simplest form, if assumed to apply to the whole of modern society, with its complex organization, would place it approximately in the same precarious, uncomfortable and primitive condition as to its food-supply that weighs upon savage life. The only difference would be in degree. All that is necessary for this assumption is to suppose the exaggeration of the law of diminishing returns to cover every form of raw material, instead of a single one, and the most civilized society must stand face to face with more or less complete famine at all times. The devices of scientific production for meeting this state of affairs: the invention of more rapid and efficient machine-methods as a substitute for hand-labor, the accumulation of stocks, the development of cold-storage warehouses, etc., could never hope to do more than modify this rigorous fate, never to remove it. So long as each man should confine his efforts to the supply of his own wants, and his methods to those of his neighbors, no matter how rapidly all might improve their methods simultaneously, the community must always find itself periodically face to face with famine.

This assumption, backed as it is by the more than superficial evidence that this is just the situation in which even civilized humanity finds itself, has actually been made and

formally enunciated, now nearly a century ago. It received prompt and wide adoption, under the name of the Malthusian doctrine, after its propounder, Mr. Malthus. Translated into the most general terms, to fit broadly all occasions, this doctrine may be stated as follows:

That population tends to increase with a geometric ratio, while the increase in total productivity is not proportional to it. Hence, the growth of population expands against the limits of food-supply as a balloon against its net, and must perforce burst its bounds in ugly waste of life in "war, famine and pestilence."

This doctrine fell upon the public ear at a time when British labor-agitation and factory-legislation made it very acceptable to the privileged, and hence conservative, classes. It was hailed as conclusive proof that the horror of a "surplus population" was inevitable, that it was from the hand of God, and that legislation looking toward its modification or amelioration was therefore futile and absurd.

This attitude and doctrine have survived until the present day with surprising tenacity. The privileged classes love the doctrine, because it frees their conscience from pressure toward the modification of their privileges. The doctrinaires love it because it includes a reference to the great, underlying law of all human existence, of all organic existence, in fact, which has not yet attained its zenith and become mordant: That the natural force of growth will always press against the natural limitations of free growth until pain results. But this broad law has never broadly justified the artificial perpetuation of unnecessary pain. Man's instinctive revolt against suffering on the part of his fellow-man has proven more accurate, in experience, than has the half-work of pure intellect.

For a broad glance over the past shows that every atom of accumulated history, taken in its proper relation to the rest and not piecemeal, gives the denial to the broad and exclusive applicability of the Malthusian doctrine. The average individual productive power has too obviously increased, and not decreased, taking all classes into account, with the passage of the centuries. The average activity of famine, pestilence and war in human affairs is steadily on the decline. No party is so vehement in urging that wages and standards of living are higher to-day than ever before as is the laissez-faire school of conservatives; yet they are the very ones who cling to the Malthusian idea with the energy of despair.

The suspicions which are aroused by these fundamental discrepancies between the facts of history and the Malthusian doctrine are rapidly aggravated when inquiry is made into the basis for its projection. This basis is the assumption that the law of decreasing returns may properly be applied to modern economic society as a whole. Let us investigate the validity of this assumption.

The effectiveness of the law of decreasing returns depends absolutely upon one assumption in the premises, viz.: That each additional item of labor expended upon a given natural field of opportunity shall take up the same task in the same manner as that already at work. The newcomers must use the same tools and the same methods as those already in use.[1] The raw material must pass through the various pairs of hands *in parallel,* as the

[1] The reader is to note most carefully that *improvement* in method, by the application of inventive science, is no answer at all to this situation, except in so far as it may aid one individual or class for a short period of time. So soon as the improved method has become a matter of general adoption the situation is just what it was before the invention was made, as to the jeopardy of life and happiness. A larger population has sprung into existence and enjoys that jeopardy, but that is the sole gain.

electricians say, dividing itself between them quantitatively. Under this assumption, and this only, the law holds true and the resultant famine and pestilence ensue.

Fortunately, this is an assumption which is warranted in the current history of modern industry only in a semi-occasional and microscopic way. Instead, it has always been true that, upon any field of effort whatever, so soon as the natural increase in population thrust upon that field an amount of homogeneous labor which, by the law of decreasing returns, exerted an appreciable pressure upon the workers (political liberty being assumed to exist), that body of labor split itself up into a number of coöperative departments, each concerning itself with only a single portion of the task. From a state of homogeneity it became heterogeneous.

Under such conditions the raw material would pass through the several portions of the laboring body *in series,* instead of in parallel. Within each portion, of course, the work would be divided in parallel, according to the number of individuals composing it, and within that portion the law of decreasing returns would remain in full power. But to the now composite body of laborers as a whole it would no longer apply. Between the several departments conditions would be quite different. Each department would specialize itself upon its separate portion of the task and devote itself solely to it, and the only limit to the extension of this process lies plainly in the number of workers. Only when each individual has become a specialist, constituting himself an entire department of the community's work and developing his own special methods, will the specialization be complete.

From such specialization great gain in efficiency would ensue. It would be derived from two sources:

(1) *Economy of Time.* The losses of time incidental to preparation for and cessation from work, both of which are incurred when change is made from one to another sort of labor, would be then reduced to a minimum.

(2) *Increased efficiency of individual effort,* due to the skill which results from long-continued practice at one simple task.

The illustrative community of fishermen has purposely been restricted to such simplicity that the process of subdivision and specialization of labor there finds very little opportunity for application. Nevertheless, even there it is obvious how great would be the increase in the productivity of the entire community if, instead of each man doing for himself all of the different sorts of thing involved in fishing, quite independently of the rest, the three distinct tasks: (1) securing bait, (2) fishing and (3) transporting fish and bait along the shore, were allotted to three separate subdivisions of the laborers. The gain would obviously be most marked.

Under these narrow limits of possible complexity of industry the population would soon expand to a compression against the limits of opportunity as painful as it was originally. But this is only because of the artificial limitation of complexity, to a three-part form. If, on the other hand, inventive effort is supposed to enter, bringing with it canoes, dories, trawls, nets, schooners and steamers, each used by separate tradesmen in a specialized way, the progress toward the opulence of to-day is obvious.

Nor is this advance at all due to the ingenuity of the inventor and the efficiency of these more complex devices. To appreciate the truth of this statement imagine the modern fishing-gear completely in existence, but suppose

each fisherman compelled by law or his own ignorance or bigotry to do all of these several tasks himself, not subdividing them and coöperating with his fellows, but each man doing everything incidental to the transfer of the fish from the sea to the table: securing his own bait, making his own lines and nets, propelling his own boat, catching his fish and peddling his catch on shore. Plainly not a fishing-steamer, not even a schooner or a sloop could leave port; hardly could a net be cast, or a trawl be set and run. Fishing by hand-line would be the only method available; ten miles from market would be the maximum radius of operation. [2]

[2] The law, if it be stupid enough, may do this very thing, may prohibit labor from coördination and specialization to the fullest extent possible with the tools already existant. It not only may do it, but it now does it, in an equivalent which differs from the illustration just presented only in the greater magnitude of its power for mischief. Massachusetts, for instance, boasts the finest industrial laws in the world; yet its statutes throw every possible obstacle in the way of its citizens coöperating with each other to the greatest possible degree, by their discouragement of combination. In Worcester, for example, the interurban trolley-traffic with Leicester and Spencer was forced for years to travel along a crooked, slow and most unattractive back-route paralleling the straight Main-Street line to the center of the city, simply because the motormen of the Leicester cars were forbidden to coöperate with the operatives of the local city lines by using the same tracks; because, forsooth, the two sets of men were employed by different competing companies. Since legal permission to consolidate was obtained and the competition has died out, the back-route has been used only by small cars running thrice hourly. There was no natural reason whatever for any through traffic passing that way. Yet for years a large volume of passenger-traffic was artificially compelled by law to go by that route. How many hours of aggregate time and how many foot-tons of nervous energy for how many people were wasted for the community during all those years no one will ever know. What good the citizens ever got from this duplication of managing companies and the competition between them no one can say. The price was the same under both plans—or even higher, considering the absence of transfer-privileges, under competition—and under competition the service was very much the poorer. Yet this state of affairs was thrust upon us by Massachusetts law and supported by Massachusetts public opinion.

Every reader, whatever his locality, can parallel this illustration for his

The only opportunity for the further development of specialization by the primitive community of fishermen in illustration would be that by the introduction of superintendence. Each of the three departments: of bait-supply, fishing and transportation, respectively, might profitably allot to one man, with assistants, the duties of foreman. There would also be need for a central bureau of communciation between the three. This would very considerably widen the opportunity for specialization, from a three-part to a seven-part form. By this added superintendence, too, invention would find its natural and easy path for entrance.

In the organization thus outlined would be visible, for the first time in these pages, the modern factory-system. Under any such system the characteristic of its method of organization is that it involves

(*a*) The subdivision of the total available fund of labor into parts.

(*b*) The specialization of these parts upon their several tasks.

(*c*) A truly coöperative coördination of the parts into a concrete, organic whole. This subdivision and specialization may be carried as far as the complexity of the complete task or the number of laborers permits. Either may constitute the limit. In the latter case, of course, each department would consist merely of a single laborer.

Under these conditions comes into operation, in place

own district. The entire American express-train service on the steam-roads, of which we boast superiority over the rest of the world, has been rendered possible chiefly by the consolidation and coöperation of the myriad of little roads of fifty years ago. There is hardly a mechanical device which now contributes to speed, comfort and safety in that traffic which would still be profitably available were these consolidations to dissolve back into the multiple independent managements of, say, 1855, when it took five changes of cars and a long day's hard labor to travel from Boston to New York.

of the Law of Decreasing Returns, as the total fund of labor increases,

The Law of Increasing Returns

That when any two or more laborers at a given task split up that task into two or more distinct and different portions, upon each of which a corresponding portion of the available labor-force concentrates its efforts and attention, the average individual productivity of the community is increased, in proportion to what it was previously, by a ratio consisting of some geometric power of the number of subdivisions of the task.

This law may be given simple mathematical statement in the following form: If P' be the average total productivity of a community where the general body of productive labor is partitioned into m subdivisons, and if a be a coefficient, then

$$P' = a\, m^x \quad . \quad . \quad . \quad . \quad (1)$$

Since the average individual productivity is the average total productivity divided by the industrial population, then, if n be the number of workers, and p' the average individual productivity,

$$p' = \frac{P'}{n} = a\,\frac{m^x}{n} \quad . \quad . \quad . \quad (2)$$

But these equations can hold true only where n is a constant or else where the natural opportunity is so wide, as, for instance, in a virgin continent, that ordinary increase in the population feels no action of the law of decreasing returns.

The effect of the law of decreasing returns under a pressure of increasing population against the limits of

natural opportunity may be expressed as follows: If P'' be the average total productivity of a community where the general productive task is subdivided between the several workers in parallel, where n is the variable number of workers and consumers and b is a coefficient, then

$$P'' = bn^{n} \quad . \quad . \quad . \quad . \quad (3)$$

If p'' be the average individual productivity under such conditions,

$$p'' = \frac{P''}{n} = bn^{n-1} \quad . \quad . \quad . \quad (4)$$

If p be the average individual productivity under a variation of both industrial population and of number of subdivisions of task, that is, the degree of specialization and coöperation being a variable and less than complete, then

$$p = ab\, m^{x}\, n^{y-1} \quad . \quad . \quad . \quad (5)$$

If it be assumed that the degree of specialization possible is determined by the population, the number of subdivisions tending ever to increase with the population until the number of workers within each subdivision remains at a fixed average, which seems to be the condition of equilibrium in the face of economic, inventive and populative growth, then, c being the reciprocal of this minimum number,

$$m = cn \quad . \quad . \quad . \quad . \quad (6)$$

and

$$p = ab\, c^{x}\, n^{x+y-1} = C\, n^{x+y-1} \quad . \quad . \quad (7)$$

In this equation C would be a constant for any known social configuration, as would also be $x + y - 1$.

In the actual economic society, where all conditions are constantly fluctuating, the general equation (5) is of

course the only one which may apply with accuracy. Nevertheless, it is broadly true that the statements made in equations (6) and (7) do apply approximately.

From the data at hand it is impossible to assign to the exponents x and y any values at all exact. Indeed, they are neither of them constants. But from the form of the equations, from the verbal statement of the Laws of Increasing and Diminishing Returns and from our general knowledge of public facts, the following observations may be laid down with confidence:

(1) The value of x must be a positive quantity, usually exceeding unity.

(2) The value of x will be a maximum when m is a minimum, and will always be an inverse function of m. That is to say, the first subdivision of a homogeneous community into specialization does the most good. Further subdivision and specialization accomplishes less and less. This statement, it must be noted, assumes a stationary condition of inventive science and, therefore, a fixed field for differentiation. But each step in advance in technical science increases the complexity and heterogeneity of industry, and hence opens a new gate to the profitable expansion of specialization and coördination; that is to say, a fresh chance to increase m without decreasing x. Thus the value of x can remain positive until the number of subdivisions has equalled the industrial population, beyond which limit it is physically impossible to go. While this last statement may be strongly questioned, from the evidence of existing industrial conditions, yet it will develop, before the anaylsis is finished, that the present limitation of the indefinite increase of the variable m is not due to the fact that x naturally becomes equal to zero, but to the fact that another and quite distinct factor of inefficiency enters to cancel and conceal its effect.

(3) The value of y must be positive, but less than unity; for it is clear that while an increase in the population, under a fixed régime, must increase the difficulty of production, yet the difficulty does not increase in full proportion. Each increment of population does succeed in finding some addendum to the natural resources of the community which, even if decidedly less than the average resources enjoyed by all of the individuals who have preceded him, is still only slightly less advantageous than that enjoyed by the one individual who next preceded him in the search for opportunity.

(4) The value of y must remain positive, to whatever extent the population may increase, at any rate to any limit now visible to the imagination. For even if it be true that the civilized world, in its occidental expansion of population, has now swung completely around the globe and has begun to feel a rigid limit to the further expansion of its geographical footing, yet the one significant fact of the times is that scientific and inventive research is daily becoming more rapid and effective in its progress, opening ever wider fields of natural resource quite distinct from the geographical; while at the same time a topic of the day of growing importance is the rising fear that the rate of increase of the population is in danger of decline. While it will be shown later that the latter is an incidental, instead of a fundamental, factor, yet the former is not. It may be expected to grow more effective with the progress of the centuries.

(5) All this being so, and consequently the value of y — being ever negative in value, it is plain from Equation (5) that, under the normally existent condition of affairs, any increase in the value of n, or in population, must decrease the average individual productivity by setting into operation the Law of Decreasing Returns, while

any increase in the value of m, the degree to which the process of specialization and coördination is permitted to enter, sets into operation the Law of Increasing Returns, to the elevation of the average individual productivity. The first is an increase in the number of workers working *in parallel;* the latter is an increase in the number of workers working *in series.*

(6) The net value of the exponent $x + y - 1$ will depend, of course, upon the departure of x and y from the mean value of $\frac{1}{2}$. When they average that quantity in value the value of the exponent will be zero, and the average individual productivity will remain stationary under fluctuations of population and method; when they are higher in value the individual productivity will increase with the population; when they are less in value the individual productivity will decrease with the expansion of the community. The natural tendency of progress, in the face of human nature and its limits in intelligence and adaptability, is for n to increase alone, m remaining a constant and c decreasing in proportion with n. But this line of progress develops diminishing returns and places life under uncomfortable pressure. While not taking the position that this pressure urges the individual directly and consciously toward specialization, it can be stated unhesitatingly that the agitation resultant from this pressure indirectly develops specialized methods, which then survive as the most fit; while the pressure does directly urge the individual away from the attractive freedom of independent action and lead him to subject himself to the restraints of coöperative specialization. In both ways, therefore, increase of population leads to a loss of economic equilibrum which is regained only when m increases with n and c remains a constant.

In this connection, too, it is important to note that the

value of x is greater the greater is the dissimilarity of the several parts into which the total industrial task is subdivided for specialization. It is naturally greatest when the subdivision is first undertaken, growing less and less as the subdivision becomes more effective and the differentiation of task from task approaches the possible limit.

(7) It is of the utmost importance to note that the limit to the degree of specialization which has been effective in history has seldom or never been the physical or natural one. In the various countries and at various times the social institutions inherited from the past, existing in the form of law, custom and popular prejudice, expressed through religious rule or doctrine, caste-law, established class-privilege, monarchical oppression, or through mere fixity of mental temperament, have separately or together confined the possibilities of altering the methods of an established industry, or of introducing a new industry, far below what they otherwise might have been. With the progress of human intelligence and liberty throughout the centuries this limitation has ever become more and more elastic and has given way more and more readily to the pressure of individual enterprise. In our own country and times this combination of geographical, political and intellectual liberty is apparently greater than at any other time or place. In consequence, the expansion of the process of specialization and coördination, and the resultant production of wealth, have become phenomenal. Yet it is to be noted here, as already stated, that the bars which hem this expansion of method from its natural limits are not yet all down. One institutional one of great force and rigidity remains unassailed. To discuss the nature of this bar is the office of later pages; but for the understanding of these present ones it is sufficient to keep well in mind this fact.

(8) It is finally of the utmost importance to note that when the conditions exist for the operation of the Law of Decreasing Returns the arrival of each additional member to the community, whether by birth or by immigration, stands as a detriment to the welfare of those already there. Under conditions which would force the Law of Increasing Returns into operation the opposite would be true: each additional arrival would ameliorate the lot of life for those already at work. While the effect of any single case, in a community of appreciable size, would be invisible, yet sooner or later the phenomenon must become publicly felt. It will then find expression in a myriad of different ways, chiefly of ethical import: in a body of law and public opinion antagonistic to and hypercritical of those apparently "crowding in" in the former case, or a public attitude of welcome to all without question in the latter.

Between these two Laws: of Increasing and Decreasing Returns, respectively, although in their opposite extremes they bear the strongest possible mutual contrast as to their effect upon the fortunes of mankind, there is no sharply visible dividing line. Mathematically the division is sharp: values for the exponent $x + y - 1$ above zero proclaim increasing, those below decreasing, returns. But in actual life there is no method known as yet for ascertaining what is or what will be the value of the exponent, except the purely empirical one of cut-and-try experience. Both variables, x and y, are at work at once. The population is ever increasing; so is the complexity of all industry. We do know, however, that the greater the complexity of the total task and the greater the freedom to develop its possibilities by substituting scientific methods of combination and coöperation for the old-fashioned parallel and uncommunicative, or even

jealous, independence, the greater will be this exponent which measures the geometric ratio of increase of individual productivity and welfare with growth of population and material knowledge. The scientists and inventors are caring for the growth in physical complexity needed to permit a constantly increasing degree of specialization; let the legislators look to it that they supply the requisite freedom for following up this opportunity with a corresponding growth of coöperative coördination. For specialization, without coördination to a single undivided end, is both useless and impossible.

The actual operation of the Law of Increasing Returns is so obvious upon every hand that it seems needless to call attention to it. Not only is every factory, with its little army of coöperative workmen, its multitude of departments and its complex refinement of organization an example of its truth, but the entire circle of factories, industries, trades and professions, organized, specialized and correlated by the interdependence of the natural forces with which they deal, is another and a greater one. Each step in the progress of modern science expands in extent and develops in intricacy the net of mutual attractions between the erstwhile independent industries. In fact, the entire aspect of modern, international civilization, from the world-circle as a maximum down to those little individual groups of workers wherein subdivision is impossible, as a minimum, is nothing but one vast illustration of coördination and specialization, with the resultant creation of increasing returns to each worker with each advance in complexity of differentiation. Just as it has developed the fishing-industry from the primitive hand-line and spear to the modern fleet of high-speed schooners and steamers, so has it brought all other industry from the days of the pioneer jack-at-all-trades, with the household

spinning-wheel, loom and shop, to the present magnificent intricacy of organization and perfection of output. Invention is not what has done it. Invention has done its share; but the most skilful invention, without coördination, is as helpless toward accomplishing it as is the discovery of new supplies of raw material. Each of these accomplishments, in its every detail, has lain equally latent throughout the ages, awaiting the day of that advance in civilization which might make it profitable for them to come forth. Every single invention has appeared before man was sufficiently coördinated properly to make use of it, just as each form of raw material has been discovered before full knowledge of its potential value was attained. What both have waited upon has been the advent of the political and intellectual freedom of man, his emancipation alike from oppressive law and repressive bigotry, to make possible those changes in his methods which might develop these bare potentialities into profitable properties.

For instance, our American bridge-builders, working in India with native labor, found that whereas each American workman is ready, upon need, to take up any job on the construction, each native is prevented, by caste, from doing more than one thing. The resultant inefficiency may be imagined. Thus, in India, is progress in productivity chained down by caste. Here in America we have no rigid caste; but our progress in productivity is perceptibly hampered, nevertheless. We are shackled by both written and unwritten law: by the fear which lies in nearly every man's heart to adopt methods truly coöperative, because they may be novel, and by the public statutes which embody that general fear in the law of the land.

IV

EXCHANGE

IT has been pointed out that the grade of life possibly attainable in the illustrative seashore colony which subsisted solely upon fish could never be anything more than a very low one. The reasons were:

(1) The brutal effect upon the population of every variation in the natural supply of raw material: of inevitable famine when fish were scarce, of no alternative to gluttony when they were plenty; and

(2) The depressing effect of mere monotony of existence.

Let it be supposed, however, that the situation is improved by a treaty of peace with an inland tribe of hunters, who bring to the shore game which they are willing to exchange for fish. The gain here is manifold on both sides. In the first place comes a purely biological gain, under the natural law that diversity of environment (in this case, of diet) leads to diversity of talent.

In the second place, the natural irregularities of food-production are somewhat smoothed over. When fish are scarce game is apt to be plenty, and vice versa. Moreover, in times of such scarcity of fish it would naturally result that the difficulty of obtaining the few fish would lead to a high price for fish in terms of game, and the few fish of the fishermen would bring them in much more nutriment, in the shape of game, than if exchange had been impossible. The same is true of the hunter in the case of

a game-famine; for the chances are doubly against the simultaneous occurrence of famine of both fish and game.

Again, when fish are plenty, instead of their being wasted by a population unable, even in savage gluttony, to enjoy more than a portion of them, it becomes possible to purchase with them supplies of game of a more rare sort, coming from distant and inaccessible localities and considered as a luxury.

The biologic response to this step in evolution would be prompt. The standard of living would be elevated, as regards both security and diversity of life, the two corner-stones of civilization.

Exchange. Thus is added, to the processes already listed as together constituting Production, Exchange. Exchange occurs as a connecting link between the several steps of specialized production, and also between production and consumption. The pure process of exchange, as the word will be strictly used in these pages, involves the two following activities, and no others:

(1) Mutual transfer of ownership between two coöperating Producers or bodies of Productive Labor, or between Productive Labor and Consumer, for the purpose of mutual benefit in obtaining thereby an article better fitted for consumption by each, *either as raw material for the further production of value or in actual consumption in the support of life;* for these are the only sorts of transfer between individuals which can result in an increase of Value to the community;

(2) Accountance or record of the above.

The value of exchange is to be expressed in the same language which was applied to transportation. The two are practically inseparable. In some cases transportation occurs without exchange of ownership, as does also exchange without transportation; but such cases are in the

minority. Yet the difference in nature between transportation and exchange should be kept clear and distinct. Transportation is valuable in that it alters the natural environment of the commodity: corn surrounded by cornfields is of little value; that same corn surrounded by factories or coal-mines becomes of great value. Exchange is valuable in that it alters the human environment of the commodity. When bread passes from the possession of a baker to that of a shoemaker it gains in value; but bread sold from one baker to another is still, supposedly and naturally, surrounded by a surplus of bread and no gain in value ensues.[1] Since the great majority of people maintain a permanent locality of residence, transportation usually means change of ownership as well as change of locality. But it is the question of alteration of environment which establishes the gain in value or the lack of it.

Without perfectly free exchange between the several subdivisions of laborers specialization cannot be effective, nor even effected. Its very existence is coupled with the word coördination. No community can develop the value lying dormant in its latent potentiality for specialization and coördination unless it removes absolutely all obstacles from the path of exchange.

It is by this means that the splendid system of specialization visible in our modern factory-system has been brought about. There the coördination is the most perfect devisable. No obstruction to the freest possible exchange is permitted. Not only do the pattern-shop, the

[1] Here is visible one of the inconsistencies of the commercial market. On 'Change, if wheat be sold to one already possessing a surfeit of wheat, giving him a "corner," the price is increased. There is, however, no increase in value to justify this rise in price. When the market "breaks" and those possessing a surplus of wheat begin to sell, the value released to the community is obvious; but the price of wheat, instead of being increased by its increase in value, is decreased.

foundry and the machine-ship, for instance, of any manufacturing establishment coöperate, by consultation, etc., so as to direct their efforts best to the common end, but the articles which pass from one to the other, forming the finished product of one department and the raw material of the next, do so under a splendid system of coöperative liberty. The pattern-shop is credited with what patterns it turns out, not because the patterns are themselves salable to the public, but because the foundry needs them. The foundry is credited with the crude castings which it produces because the machine-shop needs them. Each department is charged with its own proper expense. The machine-shop is charged with the castings received as raw material and is credited with the finished product; which, it may be supposed, is the first step in the combined operations which results in an article salable on the open market or consumable in the economic sense.

Herein the value of exchange without transportation is purely that it makes possible specialization. The iron-establishment works under such a system at a much greater efficiency than it would if each man tried to make his own patterns, form his own mold, pour it and then machine his castings himself, in turn. Such methods have been followed. They formed, in the beginning, the foundation of our country's economic greatness. But they are now outgrown, antiquated and fearfully inefficient in comparison with modern ones.

The Central Office. The device which effects this exchange with such perfect smoothness and justice is the Central Office. Everything produced by any of the departments belongs, nominally, to it. The *value* produced, as was stated before, really and obviously belongs to the individual workers who produced it; but it is found that the only way to conserve to them this value, in the face of

the complexity of modern industry and trade, is for the ownership of all commodities in the shop to be legally vested in the Central Office; which guarantees, in effect, to return to each individual the value which he has produced.

The Central Office of course cannot accomplish this service without cost, and must charge for it. The value which each individual produces is taxed to a certain proportion, which tax is retained in the Office to maintain its expenses. The remainder, which is really the value actually produced by the workman, if the transaction has been equitably conducted, is returned to him under the name of wages: his real productivity being his apparent productivity minus the tax for cost of exchange. Because the privilege of exchange much enhances his apparent productivity, his wages, or his real productivity, amounts to more, even when thus taxed therefor, than they would without the privilege of exchange. Therefore, since exchange produces value, by absorbing raw material in the way of ledgers and ink, and labor in the form of clerks, aiding production by widening coördinate specialization, this Central Office is properly to be classed as one of the specialized departments of productive labor. If so, it would be under the name of Accountance, as a part of Superintendence. But such classification, as was noted on page 26, can include only shop-order, shop-cost, stock-list or similar accountance. That is, the Central Office of the Factory Proper, engaged in supervising exchanges within the producing organization alone, must be kept distinct from the Central Office of the Business, which is engaged in supervising and promoting exchanges with the outside world,—although they often occupy the same room and absorb portions of the efforts of the same individuals.

It is next to be noticed that into the activities of this

entire productive organization no individual legal ownership enters. Not a man in the factory, from doughboy to superintendent, legally or nominally owns a bit of the work which he is striving to perfect or the tools with which he works. Every one of them receives his income in the form of wages. He works absolutely without any sense of proprietorship. He knows no "mine" or "thine" until payday arrives at the end of the week. Then, and not before, he is free to enjoy, as his own, the value which he has actually produced by his past efforts and which now lies, inseparably amalgamated with that of a thousand other coöperative workmen, dissolved and invisible within the fruit of their common toil.

This absence of legal ownership or of sense of personal possession applies to almost every step in the entire modern productive system. Each man works for wages, not for the sake of making things for his own gratification. Here and there is a small factory which is superintended, more or less, by its owner; there are even still some where workman and proprietor are identical; but they are small in size, unimportant in number and character when compared with the more fully developed productive enterprises, and they are on the steady decrease. They are comparatively unprofitable. They belong to a past age and are slowly but steadily falling into disuse, to give place to their now adult offspring, who do the bulk of the world's work and give to modern industrial society its characteristic earmarks: the factories devoid of personal ownership.

For in the truly modern affair the owners are completely absented from the productive processes. They neither know nor care what is going on, except as it is visible in the results. They hire an able superintendent, pay him several thousand a year of wages, and expect him to prove that the value he produces is greater than that. If he

does not, he either receives less in the future or else he changes his occupation.

Even in those cases where the owner is present and spends a portion of his time in superintending the productive processes of his mill (as contrasted with the commercial processes of his selling-office), this distinction must ever be kept clear: That during that portion of his time he *is* a superintendent, and not an owner. The portion of his income which is creditable to this portion of his time, equal to the value produced by that portion of his services, should be charged against the enterprise and credited to him as a salary for superintendence. In economic parlance it would be known as wages. The remainder of his income, usually the far greater portion, is to be credited to him on the score of ownership of capital or for business management, to be classified properly later in the analysis. The one set of persons, too, to whom the message of this analysis is both specially addressed and especially important, are these same manufacturers and business-men of duplex activities.

Classification by Activities, Not by Individuals

Therefore, in considering the limits of the system properly to be defined as the Productive Organization, throughout all of which exchange is effected in the free and coöperative manner already described, they should never be expected to be found coincident with the limits demarking certain classes of people. They coincide, on the other hand, with the limits demarking certain classes of action. As a great many, though not the majority of, individuals divide their time between several quite distinct sorts of activities, they thereby find themselves prop-

erly classified, at one hour or another, in as many quite distinct departments of economic society. Just as, in other walks of life, a man may be, at different times within a year or a week, a Sunday-school superintendent and a thief, or a philanthropist and a careless distributer of typhoid-germs throughout his community, so, in the economic fields of action, a man may within a single hour compass activities so opposite in their effect upon the community as to constitute him a veritable Dr. Jekyl and Mr. Hyde. He may, and often does, occupy himself at one hour with work the unconscious undoing of which absorbs his next; and yet he and the public, looking too closely only at what is visible in him, the individual, and his immediate task, may be quite unconscious of the change and of the contrast. Indeed, it is the main underlying object of this analysis to draw the mind of the reader, for awhile, away from the habitual plan of marking distinctions so uniformly between contrasting classes of persons and to substitute therefor, as the only safe guide in economic thought and action, the habit of drawing all fundamental distinctions between contrasting classes of activity.

For this purpose it is worth while to spend a little time upon an illustrative case.

Let it be supposed that an industrious and upright dairyman is careless as to the cleanliness of his cows, his farm and his neighbors. Indeed, we may even suppose him to be of marked cleanliness of disposition, keeping his milk-cans well scoured and his farm-buildings neatly painted; yet let it be supposed, at the same time, that he is ignorant and bigoted in his mental attitudes, that he refuses to read even the most popular treatises upon the biology of disease-propagation and snorts in disgust at what he calls the modern fads of the scientific health-

boards. It is quite imaginable, indeed, it is a common fact, that such a man may become at once a distributer of rich, attractive milk and of typhoid-germs. In the former capacity he is a producer of value and a public benefactor; in the latter he is a destroyer of human life and an enemy of mankind.

These two activities, of natures the most contrasted, he maintains simultaneously. Of the excellence of the one he is justly, often intensely, proud. Of the very existence of the other he is unconscious. He is a malefactor upon a tremendous scale, not from evil disposition, nor from hasty temper in the face of provocation, nor from inherited weakness in the face of temptation, but from simple crass ignorance of the true nature of his everyday acts. If detected and arrested in his career by the keen eye of science and the strong arm of the law, his most natural feeling is one of injustice and of righteous indignation. Yet it is none the less true that the very existence of human society demands his suppression, not as an immoral individual nor as a producer and distributer of milk, but as a producer and distributer of death by typhoid. The only thing which will possibly accomplish this suppression is his education; and since he has rejected all opportunities for voluntary education by more comfortable means, imprisonment or fine is imposed by force as the only known means of teaching him his lesson.

It is particularly to be noted that the evil of the original situation excludes, on the part of the guilty individual, all question

(*a*) Of morality or immorality of impulse,

(*b*) Of individual consciousness or unconsciousness of guilt, or

(*c*) Of public condemnation or approval of his acts; that is, the distribution of typhoid-germs was just as fatal

before the health-boards discovered it and aroused public law and sentiment against it as it was afterwards. Such was the unalterable, natural fact.

It is quite proper to introduce at this point the idea that the factories, offices and individuals of our industrial organization cover daily activities which, when closely examined, prove to be a composite of two or more very different sorts. Some of these activities are of the very greatest value to the community. Some are fraught with disease and death for the society and the individual. In the separation and the classification of these activities it is worse than useless to attempt either to sort out the individuals themselves, or their good or bad motives, or their good or bad consciences, or the approval or disapproval of the public. It is safe and sane only to look to the nature of the moment's action and to the natural fact of its inevitable result. Should the conclusions which are forced upon us by such a method of analysis prove to be in wide disagreement with current public opinion, no more mysterious explanation is needed than the presence of widespread public ignorance of cause and effect in the field of economic energies. The very hopeful sequel to these conclusions is that nothing more difficult of attainment is needed, in remedy, than education. The vastly more difficult task of widespread moral regeneration is eliminated.

Pure Exchange and Exchange Alloyed with Barter. At this point in the analytical observation of modern productive methods is reached a contrast so marked as to be, in the nature of affairs, exceedingly surprising were it not that past history explains its origin. It appears that the absolute freedom and perfection of the system of exchange which has just been described as

characterizing the modern factory, and which has permitted that growth of specialization from which all modern opulence is sprung, is not in universal, nor even in major, adoption for all exchange. Exchange within the factory is universally carried on thus perfectly, it is true; but exchange without, usually from one factory to another, and always between factory and consumer, is carried on upon a totally different, indeed upon a quite opposite plan. Whereas within the factory occurs exchange pure and simple: the interchange between two parties of the possession of an article for the sake of the addition of further value to it, in this second plan occurs *exchange coupled with barter.* In the first case the sole motive is the Value naturally inherent in Exchange (p. 56); in the second this motive becomes quite secondary.

The first step in defining to the understanding these two methods of exchange so as to fully grasp their opposite characteristics would seem to be to draw the line demarking the two fields of their respective activities. But in attempting this some difficulty arises. It seems impossible to classify their territories of adoption according to any distinguishing characteristic, without or within. There does not appear to be any broad difference, either in time, place or manner of surrounding conditions, which determines which of the two should be used in any given case.

For instance, geographical distance of separation has nothing to do with it. Factories located in the most distant states sometimes exchange upon the free, coöperative plan, thus constituting themselves separate departments of a single enterprise; while factories existing side by side often rely upon exchange coupled with barter for the mutual intercourse whereby they coöperate in the final supply to the Consumer. Upon the other hand, both statements may be directly reversed and still be in truth.

Again, size has nothing to do with it. Some of the largest factories coöperate with others equally large, though most of the large ones rely upon communication through the medium of barter. On the other hand, the size of the aggregations of labor which are commonly found coöperating in exchange without barter may range downwards to a single man each.

Once more, character of work has nothing to do with it: tasks both very similar and very dissimilar exchange on either plan. Coal-mines or oil-refineries with railroads, street-railways with police-departments, coastwise navigation with inland copper-mining, illuminating-gas with federal legislation: these most opposite and irrelevant services all meet, in certain instances, in this freely coöperative spirit. In other cases, services of the most intimately related and interdependent character, such as the mail, the telegraph, the telephone and the railroad services, gas-making and the supply of electrical power, heat and light in cities, etc., not only do not exchange freely and coöperatively, but they refuse to try to do so, even when the obvious advantages to the community latent in the proposition are portrayed to them; and in this refusal they are frequently upheld alike by public opinion and by the law.

When attention is turned to the question of singleness of ownership of the tools utilized as a factor in determining where barter shall be added to exchange and where not, there is temporary promise of a clew to an explanation; but it melts upon examination. Many of the larger enterprises owned by a single legal individual exchange under barter; or at least they assert to the public, in the most indubitable terms, that they do. Enterprises owned by separate individuals, on the other hand, by men of the most distant interests and characteristics, are found upon

examination, or by accident, to be exchanging coöperatively, under the methods known as pools, agreements, mergers, etc. There is no basis for accurate or satisfactory distinction between the two plans by reference to singleness of legal ownership.

Wherever the line may actually be drawn,—and it can never be drawn in the same place upon two successive days,—certain it is that nothing determines it except the unwritten law of changeable public sentiment or the changeable written law of the statute-book. There is no rational nor natural nor absolute support back of the vacillating distinctions which are drawn between the use of the two methods. Enterprises, services and individuals which one week conduct themselves with the bitterest mutual antagonism are found to be, on the following week, warmly coöperating. Individuals will transpose their mental attitude toward the two methods, from the most vigorous prosecution of barter to the most cordial support of coöperative exchange, or vice versa, in a day. A change of employment, or the sale of a mill or a business, will so metamorphose them.

Wherefore must the searcher after accurate knowledge end this quest with the statement that the distinction drawn between these two widely contrasted methods is entirely haphazard in character: that it is not founded upon any principle, either geographical, mechanical, economic or religious. In the progress of events from the primitive past from which barter has been inherited it has happened, in the different lands, that different industries and different individuals have been first in being freed from its burden and left free to carry on their exchanges in the natural fashion. The others are still addicted to barter by habit or custom, or are compelled to it by law. Thus, in England it has been customary, at least to within a few

years, for the gas-makers to exchange with the community of consumers of gas upon the free, coöperative plan, while the water-providers exchanged by barter. In America it is just the opposite: the water-service is usually operated coöperatively, while nearly all of the gas-suppliers barter with the community.

For barter is not exchange. It is a process quite additional to exchange. While it is commonly referred to as a method of effecting exchange, it will readily appear, upon thought, that *the pure method of effecting exchange is always present, even when barter is superimposed.* The commodities change owners, using the term owners to include full temporary control for the purpose of addition of value by further transformation; full account of the transaction is kept, by labor allotted to that task. That is the entire jurisdiction of Exchange. The process and its purpose is completed thereby. Every possible *enhancement of Value* of a commodity which can result from a change of hands, whether to the extent of mere temporary control or of permanent legal ownership, has been thus accomplished.

On the other hand, both the process of barter and the objects which induce its undertaking are quite distinct from and additional to the above. It is altogether in the form of an appendage, wholly external to the productive processes of transformation, transportation and exchange, that barter is superimposed upon this last. So true is this that in most of the modern industrial enterprises exchange is carried on by one set of individuals: the shop-superintendents, order-clerks, shipping-clerks, stock-clerks, etc., all salaried or wage-paid individuals, while the barter is carried on by a quite distinct organization: of owners, officials, salesmen, commercial travelers and advertising-agents, with their assistants, the stenographers, printers,

etc. But whether this separate organization exists or not, the activities are none the less separate and distinct, even opposite, in their nature and in their effects. Indeed, the effects of the two sorts of activities are much more strongly contrasted than possibly can be the personal characteristics of the two sets of people, even when separate. The task of bringing clearly before the reader this fundamental contrast must be reserved to the following chapter upon Barter. Before turning to it, however, it will be well to review and summarize what has already been established.

Summary. The word *Production,* now capable of being given a more detailed significance, will be used hereafter to cover broadly the processes and the organization now completely outlined as consisting of:

(1) The *Transformation* of material more or less raw into some other form of greater value for consumption by and the support of human life;

(2) Its *Transformation,* either between persons engaged in the above processes or between the last one in their series and the actual Consumer, who absorbs and destroys the article in support of his life or growth;

(3) Its *Exchange* between any of the parties listed in the two previous paragraphs.

The table displayed upon page 28 may be taken as the amplification of any one of these three paragraphs, or of all three combined.

This definition includes all superintendence and all accountance necessarily incidental to the processes defined. It excludes, on the other hand,

(*a*) All transportation which does not enhance the consumptive value of the article transported by altering its natural environment to one more favorable to consumption;

(*b*) All superintendence not engaged in directing the actual handling, transforming and transporting of the goods, or engaged in unnecessary, valueless transportation or transformation; and

(*c*) All accountance accessory to such unproductive effort.

This is Production. This alone produces what we Consume. All other activities of the body economic are external thereto. Their definition and discussion, in the chapters which are to follow, will much augment, by light from the opposite side, the clarity of the definition which has thus been finally accomplished. But it is the object of the chapters preliminary to this point to make clear to the reader that this is indeed Production, the only set of processes possibly to be defined by that name; that, as thus defined, *absolutely every iota of value now existent, every material particle capable of supporting human life or growth, is now actually produced, completely, from the original mines, fields, forests and sea to the time and place of actual consumption in the support or elevation of human life, by these processes thus listed under the name of Production,* AND BY NONE OTHERS.

V

BARTER

THE office of barter, as an accessory to exchange, is the determination of the Valuation to be assigned to the Values exchanged.

Valuation, it will be remembered, is the psychic attitude of an Individual toward a given Value. Whereas value is a natural fact, measurable in terms of the life springing from it, valuation is a quite independent variable, sometimes greater and sometimes smaller than the value with which it is associated. Whereas the biologic equilibrium of life, dependent as it is upon the value which supports it, always brings us back, sooner or later, more or less closely, to a truer estimation of values, yet temporarily such estimation or valuation may wander far astray from the truth.

The plan at present relied upon for its determination and limitation is Barter. Not that we know of no other way. Vast volumes of exchange are carried on, continuously and stably, without any aid from barter whatever. The central office of a factory, for instance, seldom has any difficulty in determining the valuations needed when the foundry exchanges with the machine-shop; yet these valuations are true and natural, not artificial ones, determined solely by volume and intensity of supply and demand. Although not equal to, they are closely and accurately proportional to, the true values. Very little, if any, labor-difficulty based upon internecine jealousy

over such valuations is reported. Yet no barter between the two departments party to the exchange occurs. The foundry does not appoint an agent who shall bargain for its workmen with the agent of the pattern-shop and the agent of the machine-shop over the price at which rough castings shall be entered against finished ones in the books of the central office, or over the price at which molders' time shall be charged as compared with machinists' time; nor do the inevitable accessories of such a policy: the advertising, the drummers, the restriction of output, the retention of legal counsel, etc., etc., characterize the relations between the several departments. Such a policy would not for one instant be permitted by the factory-manager. As a gross interference with the efficiency of production, the parties attempting it would be immediately excused from all further participation in the service and the pay. The internal reciprocations of the factory, in its present standard form, consist of pure and simple economic exchange, and not the slightest difficulty in keeping it so arises from the frailties of human nature. In outside transactions barter exists, in fact, solely because it was used in the remote and barbarous past and because we have not yet finished with its abolition. Every step in the growth of that factory-system which has so indelibly characterized the history of the past two centuries has consisted of the gradual elimination of barter from exchange during specialized production. Indeed, the phenomenal expansion of productivity and reduction of productive costs during the past century is due much more to this process than to any advance in purely technical methods and devices. The process of its elimination is merely not yet finished. If its elimination from exchange between producer and consumer and between capitalist and laborer had been equally steady, rapid and thorough,

there is little chance that this book would ever have needed to be written.

Barter is best defined by illustration, and for this purpose the exchanging communities of fishermen and hunters will serve excellently well. In order to make the simile as close as possible to the probably historical order of events, let it be supposed that the tribes of fishermen and hunters originally existed in a state of perpetual savage warfare. This would narrowly limit the activities of both parties, both geographically and as to liberty for specialization. Those living on the shore would find their food in the sea; nor could they search for a wider diet for fear of the warlike hunters of the hills. Those living inland subsisted upon game or upon their flocks, never thinking of communication with other tribes except for the sake of plunder or rapine. The result would be in each case a narrow limitation of the possibilities of life, practically as narrow as if no other tribe existed.

Under these conditions exchange would enter as one of the rewards of peace. Barter, or the exchange between individuals upon a basis of price to be settled solely by themselves, demands, as a preëssential to its existence, comparative physical peace between the negotiating parties, amounting to a truce, at least. Lacking this, it ceases to be barter and becomes robbery. But the difference between the two lies in this alone, and not at all in the question of moderation or exorbitance of price exacted.

But economically speaking, peace would constitute merely an amalgamation of the two tribes into a single community, scattered geographically and divided politically, to be sure, but one in their common interests in the securing of diversified wealth. So far as economics is concerned, the segregation of the separate services or industries might consist of their allotment to separate

tribes, or merely to separate trades in a single tribe. Politically the difference might be great; economically it would be nil.

Under such peaceful conditions, therefore, when game is brought to the seashore or fish to the hills for the purposes of exchange there arises immediately a question as to *price*. The true value of the goods submitted is unknown. The savage intellect has acquired no biological laboratories nor statistical bureaus for its determination. So would be brought into play, in their stead, *barter as to valuation*.

Here, again, would trouble arise. The community of savages has no means for determining even the average valuation of the goods by the community; it does not possess sufficiently intelligent organization to perceive things as a unit. It has, in short, no Central Office. Therefore is recourse necessarily taken, purely as a matter of primitive ignorance, to individual valuation as a determinant of price, and the exchange is made upon that basis. The parties are left strictly to themselves. Interference in their little duello of bargaining-abilities is held to be as dishonorable and reprehensible as is interference in any other sort of duello.

Thus arose the "free social contract." As civilization advanced it has been found necessary to interfere, to the extent of prohibition, with every other sort of duello. With barter the interference has as yet been only partial.

The price thus determined upon would not, of course, be coincident with the valuation of the goods by either party to the exchange. It would be in the nature of a mean between the two. When the price were determined as the result of merely a single negotiation, between two parties only, it possesses no outside effectiveness. When it was the result, more or less indirectly, of a large number

of such negotiations it would become a *market-price*. These considerations lead to the following definitions:

Price is the nearest available measure of individual valuation. *Market-price* is the similar measure of average valuation. Prices paid by individuals may depart considerably from the market-price.

Price is not an exact measure of valuation because the valuation may exceed the price paid, or be less than the price accepted, by a considerable proportion without being evident in any alteration of the visible price from the market standard. In fact, the primary requisite for exchange is that the purchaser's valuation of the article must exceed the price asked before purchase can be made; the seller's valuation must be less than the price offered before a sale can be effected. It is difference in valuation which overcomes the natural resistance to exchange, just as difference in head overcomes the resistance to flow of water or difference in temperature the resistance to flow of heat.

Price is merely a mean ratio of the two valuations of the two respective commodities on the part of the two parties to the exchange: the number of fish which shall be exchanged for a haunch of venison, for instance, or vice versa. When price is stated in terms of *money* it expresses the relation of the valuation of each article in question to that of another commodity, usually gold, which is chosen as a standard of reference. We thus have no absolute measure of valuation.

Barter. It is clear that the price obtained in exchange coupled with barter, for each commodity respectively in terms of the other, for game in terms of fish or for fish in terms of game, depends upon the balance of power between two pairs of factors, one pair on each of the two sides of the bargain:

(1) Between the individual productivities of the two parties to the bargain; that is, the amount of game or fish brought to market by each laborer as the result of a given amount of labor. The equation between these two forces results in the *natural price,* or the equation of pure value.

In such an isolated case as a single bargain, irrespective of market averages, the value might not properly be called pure. It would have to be assumed that the relation between productivity and cost of supporting life is the same in these individuals as in the average of the community. The only thing necessary to make the statement true, therefore, is to expand the factors resting upon *individual* productivity into others resting upon the *average* productivity of the community. This is the process relied upon in all the coöperative exchanges between the various departments which enter into the modern factory-system; they are all based upon the *natural price* of the work done in the several departments, each in terms of the others.

(2) Between the comparative abilities of the two parties, respectively, to force the price accepted by the other *away* from this natural price, by driving a good bargain. It is this equation of forces which alone constitutes barter.

The natural price is the result of perfectly free exchange, under a peaceful and equitable equation of the comparative productivities and the comparative values. Such exchange permits specialization and coördination and is productive of value. It and its price are therefore legitimate and essential features of a modern system of production.

The barter-price, on the other hand, is the result of the modification of free exchange by barter, by forces quite aside from those determining the natural price. Their nature and their fruits belong quite outside the field of

production, which is complete in the combination of labor with free exchange, and are to be determined only by more extended investigation.

The process of barter is properly divisible into two subdivisions:

(*a*) The alteration, by one of the two parties to the exchange, of the other's valuation of his own portion of value offered in market, by persuasion or by deception as to the natural price; in which case the victim is unconscious of the wrong being perpetrated upon him in the diversion of the price away from the true and natural one.

(*b*) The forcing, by the one, of the price accepted by the other away from the latter's valuation of his goods and toward his own valuation, either by utilizing an environment which places the other under the duress of a painful alternative if he refuses to exchange, or by coercion through fear of the same, even though it be not imminent; in which case the victim is conscious, but helpless, either from his own weakness or from the disadvantages of his environment.

As stated above, the natural price of an article is a function of comparative individual productivities and can be affected only by the education of the producer, by the discovery of new supplies of raw material or by the invention of new machines or methods of production. It is toward these goals that all education, all science and all invention are directed. But as they affect equally, in the end, almost all commodities produced, and all individuals composing the laboring body, they naturally have little effect upon the natural price, even temporarily. Now and then some exceptional step in advance places one commodity or another, some worker or another, temporarily in advantage. But as the higher price of the commodities, or the lower price of the labor thus left temporarily

in the rear offers an exceptional inducement to them to ameliorate their condition, to which they must sooner or later respond, there results the following inevitable law of equilibrium:

Neither improvements in the arts or sciences nor any advance in the average of general or technical intelligence of labor tends to permanently alter the natural price of exchange between any two staple commodities, or between any two staple classes of productive labor.

New commodities, of course, are continually entering the field, through discovery or invention. They enter fairly gradually, and while they are doing so this law will obviously not apply. But once the novelty of their manufacture is gone and they are fully established as staple products of the community, the above holds true of them.

In order to correctly understand barter, further analysis of its detail is necessary. Let it be supposed, for illustration, that a single hunter should meet a single fisherman, each laden with the fruits of his trade and each anxious to exchange a portion of it with the other, in order to obtain a greater diversity of diet. Their trysting-place, whether by the shore or inland, is the market. To it is brought fish and game, cleaned and ready for the spit. Production, including transportation, is already complete. Except for the final transportation to the family-table, or the savage substitute therefor, each commodity is ready for final consumption in the support of life; and this, it will be supposed for the present, is the sole object of the exchange, as it was of the productive effort preliminary thereto. Except for the difficulty as to the unknown comparative valuation, or price, there is no reason why each should not pick up his proper share of the other's things and return home. If so, no effort, either muscular or

nervous, would have been expended in any other way than in production, including the necessary transportation. To adjust this matter of valuation, however,—as a method of solution of a purely intellectual question,—enters barter.

In this process each party sees promptly his opportunity to increase his wealth otherwise than by producing it. To illustrate, let it be supposed that, in the then existing stage of existence, a day's labor on the part of the average savage would secure ten hares, or thirty fish, and that either of these same quantities of food would support for one day the average family of such a size as would, in the long run, keep the population stationary. It is only under stationary conditions of growth of all sorts, in wealth and refinement as well as in population, that an average day's labor produces only an average day's consumption. For simplicity's sake it is now to be supposed that such is the case. But whether this be so or not, values produced are always to be measured by their power to support life as they are consumed, and not by the amount of life absorbed in producing them.[1] Therefore, the natural price of one hare is three fish, because it is in that proportion that they will equally support the savage race.

[1] Herein lies the error of the economic philosophy of Marx. He takes the day's labor as the fundamental unit of measurement, disregarding the question as to whether that effort be wisely or unwisely directed, toward or away from the best needs of the community. By accepting the life-supporting power as the basic measure of value this error is avoided. Just what sort of life is to be considered the most valuable,—for there are, of course, many sorts, requiring as many different grades of supplies for their maintenance,—is not a question of economics at all, but of ethics. These questions must be settled entirely outside the field of economics, by the standards of taste, religion and philosophy which prevail at the time. Once thus settled and incorporated into public opinion, it is the business of economics to supply life's material needs. The extent to which it performs this task is the standard to which all measurements within its borders must be referred.

If the savage community had had sufficient intelligence and patriotism to establish, by mere statistical record, the natural price between fish and hares, and to publish this fact from day to day or month to month, enforcing it as we now enforce fixed street-car fares, hack-fares, postal charges and tax-rates, all would have been simple. But it did not. Therefore, the question as to how many fish the hunter was to get for each hare, or how many hares the fisherman was to carry home as the result of his day's fishing, remained wide open.

This fundamental fact is to be noted at the start, to be reiterated and emphasized at every possible point: *Production was already finished and could not be extended by any sort of further effort.* There lay the game and the fish on the market. No further effort could or did pretend to increase their number, their weight or their life-supporting value in any way. Each man possessed at the start an equal amount of nutriment in his stock of provisions. By exchanging half of it for half of the other fellow's, each would still have the same amount of nutriment, capable of supporting the same amount of animal life; only, by its twofold diversity, it would then be able to support a higher quality of life than before. But this gain is accomplished by Exchange pure and simple. Barter, coming additionally to this process, aims at a quite different sort of gain.

For the total quantity of life-supporting nutriment owned by the two parties cannot be, and is not honestly pretended to be, altered by barter. It is the proportionate *distribution of wealth* between the two parties alone which barter aims to influence and to modify. For, as the result of exchange alone, at the natural price, each man would depart from market with five hares and fifteen fish. But in barter each sees his opportunity, as stated before,

to secure wealth without producing it; the only way, of course, being to get away from the other fellow some of the wealth which the latter has produced. If the hunter, for instance, by persuasion or deception as to the quality of either of the commodities or as to their natural price, or by securing a time for exchange when the fisherman is in especial need of game, or by selecting a place where violence may be threatened without danger of punishment by the tribe, or by the promise of influence with a sweetheart, a chieftain or an enemy,—if by any such means he can force his neighbor to accept one hare for four fish instead of one for three, then, as the result of the barter, the hunter will depart from market with five hares and twenty fish and the fisherman will return home with five hares and only ten fish,—to what domestic fate we may leave to the imagination.

As the net result of the day's efforts, therefore, the hunter has *produced* five hares and fifteen fish by productive effort (hunting, transportation and exchange) and has also *acquired* five fish by barter; the fisherman has *produced* five hares and fifteen fish by productive effort (fishing, transportation and exchange) and has *lost* five fish by barter.

Price-tendency under Barter. Herein arises the second important characteristic of the situation: If the fisherman finds life more endurable upon a daily diet of five hares and ten fish than he did upon thirty fish alone, he will return to the market on the morrow, to be again outdone by the hunter at barter; if not, he will remain away until the hunter becomes more moderate in his demands. If, on the other hand, life would be more enjoyable for the fisherman even upon so low a diet as five hares and only five fish than it would upon thirty fish alone, and if the limits of either the hunter's seductive or

overbearing disposition or of his command of intrigue have not yet been reached, these processes will most naturally be expanded until the hunter's daily income has become five hares and twenty-five fish, while the fisherman's is reduced to five hares and five fish. For this is the line of least resistance. It is easier and, to dispositions fitted for it, pleasanter to barter than to produce. To produce means effort sustained over a period proportional to the value acquired. To bargain successfully is to maintain the proper attitude for a few minutes only; the effort being not at all proportional to the reward, whether five fish or ten, but to the difference between the comparative personalities and advantages of the two contending parties.

From these considerations is established this law: *Barter added to Exchange inevitably tends to directly reduce the income of the loser to the minimum which leaves life at all preferable to the more primitive level of existence without exchange.*

Barter a Negative of Productivity. Such would be the intercourse between hunter and fisherman if the latter were a quiet, unaggressive individual, devoted to his day's work and knowing little and caring less about diplomacy, intrigue or antagonism—as, most fortunately, is true of the majority of mankind. But let it be supposed, on the other hand, that the fisherman who greeted the hunter turned out to be one of his own ilk, matching him evenly in ability to barter. Then would result two things:

(1) Each would return home, on the average, after all their dickering, with the five hares and fifteen fish which each would have had *had they exchanged without any barter at all*: that is, at the natural price.

(2) The natural hope of being able to effect a better

result than this, legitimately supported by the very high reward allotted to barter, per unit of time, when it is successful at all, would lead to their spending more and more time each day at bargaining with each other, until the time devoted to production became so restricted that the quantities of fish and game brought to market no longer tempted quarrel over them. This hope of quicker and easier success by barter than by production is the gambler's hope. It is seen to bring the gambler's reward.

From this second consideration arises the law: *Barter added to Exchange inevitably tends to restrict the productivity of both parties to the barter to the minimum which leaves existence at all preferable to the more primitive level attainable without exchange.*

Barter a Parasite. Combining these two laws, there results this all-important conclusion: *Barter is a process parasitical upon Exchange so destructive to the latter and, with it, to the Production dependent upon exchange, and to the Life engaged in both and dependent upon them for support, that it limits their existence and activity to the minimum which will afford a supporting food-supply to the barter which preys upon them. This minimum is slightly greater than the productivity possible without either exchange or barter, but is vastly less than that possible with pure exchange alone.*

That is to say, given a certain field for exchange, a field of value-production potential for a certain degree of expansion by the advent of exchange, and the presence of barter entering with the exchange will permit the latter to enter and to grow only to that degree which barely constitutes progress at all (else would no entrance take place) and which leaves the maximum portion of the latent potentiality for growth-support absorbed by unproductive effort at barter.

Barter an Evil in Two Distinct Directions. In these fundamental characteristics of barter which have just been noted there lie visible in embryo two very distinct wrongs, both of which are inherent in the nature of the institution. Both of these must inevitably rise and grow, under political and geographic freedom, to the greatest extent tolerable by society, wherever prices are largely left open to settlement by individuals, independently of natural law and public responsibility. These two are:

(*a*) The wrong done the individual less capable as a barterer (although capable as a producer to any imaginable degree) by the extraction from him, by force of will or circumstance, of a portion of what he has already produced;

(*b*) The wrong done to the community, in the consumption of time and nervous energy in useless, because nonproductive, barter and visible in the decreased supply and the enhanced market-price of the commodity in question.

The first of these is plainly visible in the elementary illustration. In modern times it has very greatly increased in magnitude, by the exaggeration of the unbalance between the contending parties far beyond what it could be between any two individuals, by the combination of individuals on the selling side with no corresponding combination on the buying side against it. It is this which is the foundation of all of the current outcry against "the trusts." But in this the wrong has grown only in magnitude, not in character.

The second of these two wrongs is by no means so easily discernible. In the elementary illustration it is obscure partly because of the deliberately assumed lack of any coherent social entity which might be palpably wronged by the mere existence of the barter, and partly because of the obvious freedom of other individuals, in

so elastic an environment as this elementary society, to operate quite independently of the haggling pair. In modern society both of these conditions are absent. Society is a unit, whether it will own up to it or not; the institutions adopted by the majority, which never sees clearly what it is doing, must be accepted by the minority. In its modern development, however, this second form of wrong is still obscure, not because it is small or unimportant but because of the blinding intricacy of the field in which it is active.

Yet is it most important to call attention at this point to the fact that it is this second form of offense involved in barter, the one against society at large, which now constitutes by far its most important phase. It has not only grown enormously in magnitude, but its ramifications have worked their insidious way throughout the social structure until the entire fabric of individuals and institutions, material, intellectual and moral, has been permeated and distorted by its poisonous presence. The victim suffers, as does one with gout or leprosy, knowing only the pain but not the cause. So complex is the medium through which this offense is committed, so multiplex is the community-victim itself which suffers from it, that it will take the remainder of these pages to properly identify the crime and indict the offending institution. Yet is it important to state here most emphatically that it is not the direct crime of violence operative against the individual, in barter, which causes the most suffering; it is the crime of passive error operative against the community which makes to-day the problem of the future existence of society an appalling one. It is not the profit-making, the profit which is extorted from the consumer, which does him the most harm; it is the profit-seeking, the time spent by the barterer in antagonism and failure, which

undermines his neighbor's purchasing-power and which robs the rich and the poor alike of their natural heritage in a new continent: material welfare, peace on earth and good will to men. It is not gold, but the legalized strife for gold, which is the root of all evil.

In spite of the wide contrast in superficial appearance between our simple illustrative case of the hunter and the fisherman, offered to aid in the clear definition of the terms used, and the complexities of modern industry, it is to be especially urged that it supplies complete proof for these propositions in their utmost application. The difference is solely one of degree, not of kind. It cannot, however, furnish a complete understanding of their breadth and depth. That will finally be found in the corroborative way in which every more complex appearance of these processes in actual economics develops these same resultant symptoms. Of these symptoms the following pages will present what are possible within the purposed scope of this work. But to the thorough student the real proofs are to be found in the myriad of items of news of current economic life which reach us through the medium of the daily and weekly press, as well as in the various statistical reports of the scientific and governmental bodies. Interpreted in terms of these simple illustrations they will be found to be identical with them, except that they are become very much more complex and intricate in form by the interlacing with them of the many extraneous factors of life which have here been properly eliminated and by the mere multiplication of individual parts.

Internal Barter. Before going any further into the detailed characteristics of barter there must be identified to the reader another sort of barter, not commonly

known by that name nor superficially resembling this first form, but which is nevertheless quite identical with it in the nature of its efforts, of its reaction upon the individuals exerting it and of its results to the community. Thus far has been considered the phenomena arising from barter within merely a single pair of individuals, members from each tribe or trade respectively. The situation now needs expansion until each tribe shall enter into the process in its entirety.

Let it be imagined that the community of fishers have been for a long time without meat. Fish are plenty, but no game is to be had. Finally there appears upon the scene a hunter with a hare upon his back, willing to trade for fish. As the hare will not cover more than one table, there arises immediately the question: Who amongst the fishermen shall have the privilege of exchange?

For the purposes of illustration, it will be assumed that the hunter is a close-mouthed fellow, who holds himself silently aloof from negotiation until the rabble of contending fishermen shall have settled this question among them. For the time, therefore, his personality does not enter the question. It is also to be assumed that the desire for game is equally intense on the part of all the fishermen. But this is assumed for simplicity's sake only; difference between the fishermen in taste for game would not affect the situation except to confine the final competition for the privilege of exchange to a portion, instead of to all, of the fishermen.

Into the settlement of this question, Who among them is to have the privilege? the two factors already mentioned will enter:

(1) The comparative productivity of each individual fisherman; that is to say, which one can display the largest pile of fish as the result of the day's labor.

(2) The comparative skill of the several fishermen in attracting the attention of the hunter and in persuading or deceiving him into the belief that this one's fish are better and his neighbor's are worse; or in driving his neighbors by threats into the background,—thus decreasing the production of fish, so far as visibility in that market is concerned; or, it might possibly be, in skill and judgment in offering a good price for the hare to-day in the certainty that by the morrow it could be re-sold to present competitors for a better price than they were now willing to give.

This wrangle among the fishermen must be imagined as completely settled before the hunter comes into consideration at all. The question being settled amongst them is not: What price shall we get for our fish? but: Who among us is to have the privilege of exchange with the hunter at all? This privilege stands to the struggle between the several fishermen exactly as the extra five or ten fish to be had by barter did to the struggle between the single fisherman and the hunter. There is opportunity for only one to exchange. If one gets it the others must lose it. The struggle does not in any way hope to increase the opportunity for exchange, which amounts to one hare, no more, no less. It does not aim at determining the rightful owner of the privilege; that would be properly settled by record of the fish brought to market each day by each individual: the natural price of that individual, so to speak, in the face of the coveted privilege of exchange. It is purely a struggle initiated by the most selfish to reserve this privilege each to himself, by its removal away from the individual excelling in productive skill or energy, whose natural price for the privilege would be the highest, to the individual who excels in ability to barter.

In the case of each sort of barter: that between the

solitary hunter and fisherman and that among the several fishermen, the question raised and settled is one of identity of ownership, not of total quantity of goods. It is one of specific or relative valuation, not one of absolute value. If there be more of value on one side of the parley than there were in the first place, as the result of skill in barter, there will be less on the other.

The Double Nature of Commercial Success. Success in either sort of contest may be forwarded by superiority in either one of two fields: in production or in bargaining. In the first field will arise a natural, wholesome desire on the part of each healthy worker to surpass his fellows: selfish, if you please, but nevertheless conducive to greater wealth in the community and to greater health and wealth for the individual. In the second field will also naturally arise a similar desire for personal superiority; but that it is unwholesome for both individual and community in its results and quite in contrast to the first it is the task of these following pages to demonstrate.

This desire, evinced in the field of production, we shall call *emulation*. That in the second field we shall call either *barter* or *bargaining* or *competition,* almost synonymously. So far as all economic and ethical characteristics and results are concerned the latter three terms are exactly synonymous; the laws stated in terms of one are equally true of the other. The only distinction to be made in any event is a minor one of form, as already brought out. But as a single term is much needed which shall serve to cover, in blanket-fashion, all effort of this character within the community, this minor distinction of form will be neglected and the term *competition* will be used to include all three, and as contrasted with *emulation*. Indeed, one of the prime objects in so doing is to bring home to the reader the clear impression that all activity of this nature,

no matter in what walk of life it may occur, or with what tools or aims, or whether with consciousness of its evil fruits or otherwise, carries with it inevitably the concomitants and results here to be broadly ascribed to it.

In the case of both emulation and competition the instinctive individual impulse to surpass and succeed is natural. Physiologically they are identical. The economic results of the two, however, are as opposite as the antipodes.

Because these words emulation and competition have never before been contrasted, to the author's knowledge, nor used with any technical significance equally exact with that assigned to them here, and because it is the prime object of this entire volume to draw out their contrast and significance, a separate chapter will be devoted to their definition and discussion.

VI

EMULATION AND COMPETITION

THE word competition, as defined by the dictionaries, is practically synonymous with the words emulation and rivalry. The modern use of the word, however, in its commercial connections, has come to have so widely different, so distinct, so very antithetical, a meaning from these former synonyms that it seems needful to write this book to call attention to the fact. For the purposes of this volume, therefore, the two main ideas which we have already begun to contrast, in their economic aspect, under the terms Production, on the one hand, and Barter or Bargaining, on the other, will be considered in further distinction, in their ethical aspect, under the names of Emulation and Competition.[1]

Emulation. Every activity of man calls for a corresponding psychic impulse, to stand sponsor as its cause. In the case of activity directed toward the production of value, this impulse may be any one, or all together, of three quite distinct ones. In the first place may come *desire,* the relation between the man and the thing which he hopes to enjoy, when produced, in consumption. In the second place may come *initiative,* the wholly self-contained and instinctive impulse which arises within the individual from a surplus of muscular, mental or nervous energy. In the third place comes *emulation,* the impulse

[1] The word *rivalry* is excluded, as possessing romantic associations which unfit it for the cold-blooded work of economic analysis.

which depends solely upon the individual's association with other individuals engaged in the same line of work. Since this discussion concerns only questions of the economic relations existing between man and man, cognizance will be taken here only of the last-named impulse, emulation, and in these pages it will be understood as meaning only that personal pride in, and the strife for, comparative success over one's fellows which arises within the individual who finds himself one among a company all of which is *active in the field of Production.*

Competition. Since production, as has just been stated, may be the result of any one, or all, of these three psychic impulses, it is necessary to have one term for the particular impulse in which we are interested and another for the economic activity common to all three. In the case of activity in barter, however, there can be only one sort of causative impulse, and that one is based upon the relations existing between the individual and his fellows. It is quite possible to imagine a man as undertaking Production, from either desire or initiative, when competely isolated from all other men. It is impossible, however, to imagine him as undertaking Barter except as a form of relationship toward another individual. There is therefore no need to distinguish between the psychic impulse and the resultant activity. The word competition will be used to denote either the actual activity in the field of barter,—that is, *in effort aimed at the transfer of value* ALREADY PRODUCED *from one ownership to another,* by any other means than illegal violence,—or the spirit which lies back of it.

To go still further back into biological processes, the original psychic impulse which leads the individual to assume the competitive attitude may be, under existing laws and conditions, any one of quite a number. It may

be envy, greed or wanton vindictiveness, upon the one hand, or the most natural and wholesome impulses of self-preservation, acting under necessity, upon the other. Like the dealer in impure milk, the conscience of the competing individual may cover any degree of consciousness of guilt, from the most brutal disregard of other persons' welfare to the most thoughtless acquiescence in an existing state of affairs which there is no apparent reason or way to alter. With all of this, economic discussion has no concern. That is the business of the moralist. But when any one of these impulses has led the individual to assume the competitive economic attitude toward his fellows there is necessarily present a corresponding competitive psychic attitude which, as a matter of relations between men, it is proper to recognize and name. And since, whatever may have been the original impulse, the result to the outside community, as in the case of the ignorant dairyman, is equally destructive, one name will suffice to cover the entire phenomenon. To both the psychic attitude and the economic activity, therefore, is assigned the name *competition.* The word will be understood to cover impartially the dicker over the price of exchange between separate goods or trades, or over the price of labor, and the strife between individuals over questions of privilege of exchange; it must consequently include also all questions of legal ownership of goods or privileges.

Emulation and Competition Compared. As already pointed out, production may or may not be conducted in a spirit of emulation, or of personal pride, either arrogant or charitable, in one's superiority over one's neighbor. Undoubtedly the best grade of productivity is developed by its presence. Nevertheless, both initiative and desire furnish good seconds. But barter, on the other hand, cannot possibly be conducted without a sense of

relationship toward one's fellows; and even a cursory examination will reveal the fact that the competitive relationship is not and cannot be a pleasant or a wholesome or an unselfish, Christian one, whatever may be the nature of its results. It is, in its very essence, an egotistical, overbearing thing, conceivable with the doer only in relation to the overcoming of other people. Whereas a great deal of very useful production is carried on solely for the love of the work done, with almost entire unconsciousness of what anyone else is doing in similar lines, with objective consciousness only of the raw material in hand, competition, on the other hand, from its very nature, can be objectively conscious only of other individuals: those whom it seeks to contravene. What the emulator gains by his striving no one else loses; it comes from the unending bounty of nature. But what the competitor gains can possibly come only from his opponent's loss. With competition, therefore, in order to completely describe its nature, there must be added the idea of an aggressive desire and attempt at circumvention, frustration and annulment of the other's efforts and enjoyment which is quite foreign to emulation. [2]

Only in the most unnatural individuals is the natural, wholesome emulation of two men who are working side by side at a common task tainted with an unnatural, sickly

[2] When the present argument reaches the point of considering what is called "barter-cost" it will be seen that a great many individuals are engaged in competitive activity as hirelings of the leaders in the struggle. They are paid a salary or wages to "push" some article. In their endeavors to do this honestly and well they are often quite unconscious of the true nature of their efforts. They are doing their best to earn their income, and whatever success crowns their work seems to them merely as so much good created out of nothing. It will be seen later that this never can be true. But the point now to be emphasized is that they can honestly think so only when their station in the competitive ranks is a comparatively low one. Their employers always know well that each sale they may make, each contract they may close, is merely one drawn away from the enjoyment of an equally hungry competitor.

envy, which meanly seeks the destruction of the other's goods more than it does the increase of one's own. There are such men, but they are fortunately in the extreme minority. With competition, however, it must be recognized at the start that the underlying idea of the whole process is just this hope of undermining another's welfare. As already pointed out, it does not necessarily arise from inherent meanness of spirit on the part of those entering upon barter; but it not only begets it, but it demands its cultivation before marked success may possibly be attained.

It exists primarily because the institution adopted by public opinion for the determination of the price of exchange permits no other attitude, permits increase of one's own goods, in exchanging, only through the medium of the active decrease of another's goods. Since all men are at all times most anxious to carry on, from mere appetite, the greatest volume of exchange and consumption possible, there is plainly no need to promote these processes. There is no need of other preliminary to exchange, after production, than the determination of an equitable price. Such a determination would appear, to the rational investigator, to be a mere question of accurate record of individual production, a purely intellectual question, its peaceful scientific settlement, in a civilized community, to be accomplished by reason and to be protected by law. But the reference of the matter to barter for settlement allows the public reliance to lapse, instead, to a balance of personal forces which are quite other than rational; in reality to the clumsy method of approximation known as the trial by nerve-duello. In all forms of duello success may be attained only by doing harm to one's opponent; but for refinement of veiled malevolence, of result if not of will, the duello which was relied upon in questions of criminal

law before the Carlovingian kings cannot compare with the form of duello known as barter which is relied upon by the twentieth century for the settlement of all questions of economics. The instinctive contemnation of its spirit, by all peoples at all times, is best attested by the attitude of the world toward the Jewish people and their racial avocation. But it is not the pawn-broker nor the ready-made-garment dealer of New York's East-Side, operating upon a microscopic scale, who best typifies the meanness of barter. It is the stock-market and its offspring, the "trust," operating upon a scale in which millions are units, respected, upheld and deferred to by the highest in the land, with its "corners," its forced sales, its purchases "short" and its deliberate fluctuation, whether by "bulls" or by "bears," of the valuation of securities owned by helpless individuals scattered all over the land, —solely in order that self may gain through loss by the opposing faction and by the public,—which is by far the baldest instance of this process now extant.

Emulation vs. Competition in Relation to the Commonwealth. In emulation the underlying idea is to produce more wealth than one's neighbor. The fundamental impulse back of this idea may be taken, if you choose, to be pure selfishness, that one's self may enjoy the consumption of more wealth. But if this selfishness be compelled to seek satisfaction by exertion against natural obstacles, then must one's neighbor be benefited incidentally to one's self. It is only when the selfishness is permitted to seek *gain by another's loss,* by exertion against human resistance, that it may become harmful to anyone but self. But if this be forbidden and the selfishness be guided into emulative channels, there arises closely second to it the pleasant consciousness that the extra effort is resulting in a gain to the community as a whole. The

worker and the rest of society are both better off for his emulative striving; there are more goods in the world; all commodities are more easily obtainable. His neighbor is no worse off than before, except for what loss of pride accompanies defeat in honorable contest, breeding lusty stimulus to further effort. As this reaction always appears in the neighbor, to some degree at least, the result of the emulation is an increase of the loser's wealth as well as in the winner's. Both of them produce and possess more wealth, as the result of the contest, than they did before: one with and the other without added honor and prestige.

Therefore it is to be stated with especial emphasis, as the thing primarily characteristic of the nature of emulative production, that, *whether it be undertaken from the most sordid or from the most altruistic of motives, the results accruing to all parties actively concerned, and to the public outside, are alike a gain in wealth and in bodily comfort,* the latter differing between the several parties only in degree. But in competition the underlying idea is just the opposite of this increase in the production of wealth. It is to secure more wealth to the striving individual alone, not by producing more from the bosom of Mother Earth, by making two blades of grass grow where one grew before, but by getting it away from the store already accumulated by one's neighbor; and if, incidentally to the effort, the neighbor may only be somewhat discouraged also, so that he shall not resist so strenuously the next time, why that is further gain to the bargainer.

Barter Further Defined. In its present form, complicated as it is by the intricacy of modern life far away from the simple elementary bargain between fisherman and hunter which was adduced for the sake of illustration, barter may be defined as the forced passage through one's hands of the ownership of either goods or

the chance to labor at the greatest possible profit to the temporary owner, or, what is the same thing, *at the greatest possible cost to the community of the value concerned.* This means that, in the case of goods, the resultant price will be the highest which may possibly tempt purchasers; in the case of labor it means that the lowest wage will prevail which will possibly tempt labor to exertion. The standard phrase for this method in railroad economics is " charging all the traffic will bear." The same practice is the standard, and the only successful, policy in all forms of business. The widespread delusion that business-effort consists in keeping prices as low as possible merely shows how universally the profit-seekers have been able to deceive the public, often including themselves. The constant aim of all business-endeavor is undoubtedly to make prices *seem* low. Owing to the opposition of the other dealers in the same line it is undoubtedly also the aim to make prices actually as low as possible,—if the word possible be interpreted as meaning " consistent with getting the maximum of profit transferred from the community to their own pockets." Even if " quick sales and small profits " be the motto which leads to success, it none the less remains an incontrovertible fact that if the seller thus derives a greater net income he has drawn from the pockets of the people a greater tax for his support; nor does the fact that he has handled more goods offset the loss, for it will be developed later that the total amount of goods thus handled to the community cannot be increased by any such means. What he has handled his competitors have failed to handle; and if the quick sales have been artificially stimulated by extra expense in advertising, for all this, too, the buyer must pay, and the cost to the community is thus doubly increased, although trebly disguised.

When the final survival of the fittest proclaims the most successful business-man, it always develops that he became so because he concentrated his skill and effort not upon keeping down the cost of production, but upon keeping up prices. The common run of little profit-seekers, who scrape along upon what they consider to be a bare living, always make this mistake, of honestly trying to sell near the cost of production,—though where is the one who strives purely in this line? The successful fellows are those who abandon all pretense of handling goods and performing service; who go in, instead, simply to "make money." And they do make money, because times are "good," when prices are at their highest, which is naturally the time of greatest hardship to the consumer.

For all of such effort, whether of trying to buy cheaply or to sell dearly, society as a whole cannot possibly be any the richer; the loser at the game is certain to be the poorer. While this effort is not, of course, to take away the other's wealth by visible physical force, which would be bald robbery, yet it is the nearest possible thing to this which escapes the eye or the hand of the law: the persuading him to relinquish his legal title to his wealth (or to that portion of it which constitutes the profit under dispute) under the artificially created and more or less forced idea that it is profitable, or expedient, or necessary for him to do so, when it is not. Whatever the method, however, or the conscious motive behind it, the effort is aimed straight at the other's loss; in no other way can barter succeed in amassing wealth or in demonstrating the personal superiority of its initiator. [3]

[3] In the State of Ohio exists a factory which has become world-famous as exemplifying the most advanced ideas as to the most humane methods of organization of workmen under the modern factory-system. To describe in detail the democratic, coöperative government of its departments by committees, the bathrooms, the dining-rooms, the retiring-rooms

It is only the tremendous complexity of modern industry and commerce which prevents its always being perfectly plain to the bargainer, and to the onlooker, that what he gains by bargaining the other must lose. So prevalent is barter as the standard avocation of the most prominent classes of society that it is this fact alone which preserves one's faith in the general uprightness and generosity of the race. Because of its inevitably being, however, an attempt at loss to one's opponent, it may be stated with the utmost deliberation and earnestness that premeditated entrance into barter with another over the price of goods or of labor the quality of which is not in question, whether it concerns a ten-cent haircomb or a

for the women-employees, etc., would quickly identify the place to the reader; for in these points it is unique. The president of the corporation I know personally to be one of the most generous of men. The vacation-trips in summer and entertainments in winter which he presents to his employees are phenomenal in their open-handedness. Yet at all this feast of altruism attends a skeleton. It occupies the center of the works and constitutes the explanation of the source of the power and wealth which permit this generosity. I call it "the cemetery," the graveyard of men's hopes and happiness. It is a room some fifteen feet square, as I remember it, almost devoid of windows and doors, the walls of which are lined to the ceiling with shelves. Upon the shelves are samples of every machine, originally competitive with the enterprise in question, which it succeeded in driving off the market before it could attain to the ability to give trips to the World's Fair to hundreds at a time. These machines are not upon the shelf, literally and figuratively, because their mechanical design possessed no value; for very many of their essential features are now made use of, incorporated into the design of the victorious corporation. They are there because the law of barter permits a competitor whose goods possess merely a greater (but not the only) value to entirely cancel the earning-capacity of competing goods which possess a very substantial, but a lesser, value. How many broken hopes and broken families are represented by this cemetery no one may ever know, with accuracy; but anyone who looks upon the display can readily believe that our generous-hearted president must labor in charity for more than one lifetime before he can erase from the books of the recording angel the account of what he has done—was forced by existing law and public opinion to do, perhaps with no malevolence on his part—in "establishing his business."

ten-million-dollar railroad, is as thoroughly and fundamentally a selfish and unchristian act as is any open to human choice. The fact that familiarity with the sordid deed has bred respect, or at least toleration, for it does not alter the truth as to its inherent nature.

Emulation and Competition Contrasted. In order to demonstrate the truth of this statement and to complete the distinction between the two opposite processes, Emulation and Competition, in their fundamental type, the following parallel columns are presented, to contrast their opposite effects upon the surrounding body politic, as well as their reactionary effects upon their followers:

EMULATION	COMPETITION
is strife to see who may add the most wealth to self and to the body politic simultaneously, by increasing one's natural productivity. It constitutes the chief motive power of production, and therefore of pure exchange, or true commerce.	is strife to see: (1) Who may secure away from his neighbors the chance to begin to produce wealth; for the ability to find a market for one's goods or labor, at any price, is a plain preëssential to production; (2) Who may acquire from his neighbors the most of their wealth, by exalting prices in selling to them or by depressing prices in buying from them, in so far as ability will permit; (3) Who may most decrease the wealth of the body politic (though the barterer is not conscious of this purpose except when he tries to beat the government) (*a*) By excluding others from the privilege of exchange or of labor; that is, by controlling the market; or (*b*) By decreasing production so as to maintain or exalt prices; For by either plan the active, aggressive bargainer wins. Either process constitutes a restraint of trade,—a restraint merely of the other fellow's trade, as the bargainer sees it, but none the less a restraint of the total volume of trade.

In emulation the efforts are side by side, or parallel, and the economic resultant to society must consist of the *sum* of the individual forces exerted. This is shown in Fig. 1. If IIIII represent, each by its direction and magnitude, the productivities of a number of individual producers, of differing ability, active upon a given field of production FF, then

(1) Their directions must be substantially parallel. Equilibrium insures this. Education, imitation and rivalry all lead the individual to harmonize his efforts, in

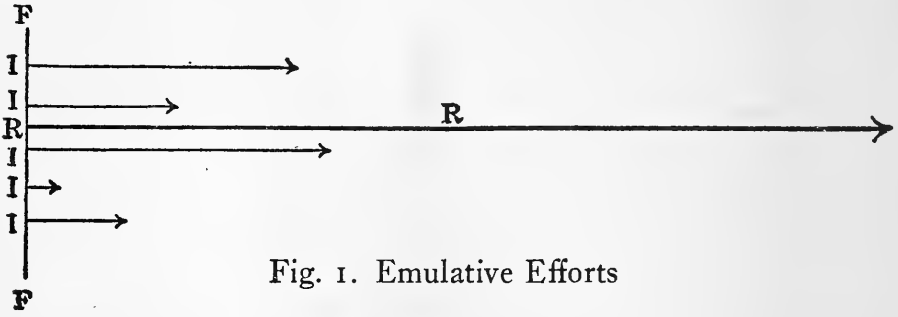

Fig. 1. Emulative Efforts

In competition the efforts are face to face, or opposing, and the economic resultant to society must consist of the *difference* of the forces of the several individuals. This is shown in Fig. 2. If IIIII represent, each by its direction and magnitude, the forces exerted by the same individuals as in Fig. 1, but now active in competition about the common center C, then:

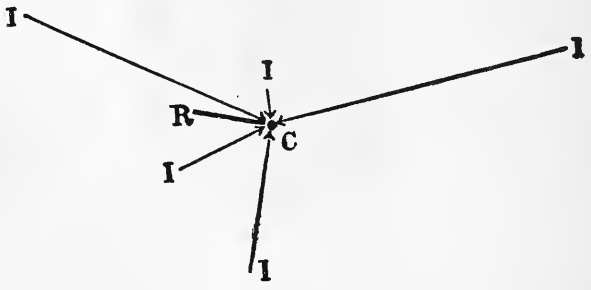

Fig. 2. Competitive Efforts

(1) Their directions must be either centripetal or centrifugal; that is, either seeking a single objective opportunity for sale, exchange or employment, or else seeking to divert a given single subjective opportunity (a purchaser) each into

production, with the general trend of advance.

(2) The resultant net productivity of value to the community is shown by R and is practically equal to the *sum* of the component forces.

his own shop. (The average number of such radial forces about a single center, in actual life, is about five or six.)

(2) The resultant net productivity of value to the community is shown by R, the geometric resultant of IIIII. This is, in one sense, equal to the *difference* of the component forces.

If one man's effort or efficiency should increase at any time, it may be expected, from the natural spirit of rivalry, that the efforts of the others will increase similarly, in response. This is equally true on either side. Therefore:

(3) The resultant net gain to the community, in such case, must be approximately as many times the increase of the original worker as there are co-workers.

(3) The resultant net gain to the community, in such case, must bear a very small proportion to the total increase in effort. If the growth of each worker's effort is in uniform proportion to his original effort, the net gain to the community must bear the same proportion to the total increase of effort that R of Fig. 2 does to the sum of all the I-forces (R) of Fig. 1. If the growth of each worker's effort were alike, there would be no resultant change in R: *the net gain to the community from all this increase in skill and energy would be just zero.*

(4) The direction of the common progress of society is in the direction of each man's efforts. Therefore, the direction of individual motion, which is determined by the effect of the resultant force upon the common mass, is always *positive.* It is in the direction of his own effort and of the community-effort. Each citizen observes

(4) The direction of the common progress of society is in the direction of the efforts of less than one-half of the competitors. Therefore, the direction of individual motion, which is determined by the effect of the resultant force upon the common mass, is very largely *negative.* A large proportion of the competitors observe that their individual efforts are crowned with failure and that their motion is an enforcedly backward one, hopelessly overcoming their most strenuous

his efforts crowned with success and stamped with the approval of the community. His moral attitude is, therefore, one of gratification, enthusiasm, renewed hope and patriotic pride. His physical attitude becomes a corresponding one of renewed vigor. His pride in his work sustains him more than does the food which it brings to him.

efforts. (*Bradstreet's* reports that something like 90 per cent. of all new commercial ventures are failures.) The resultant moral attitude is therefore one of disappointment, of dejection, of sullen enmity or vengeful rage, according to the individual make-up. The worker's physical attitude becomes either one of listlessness or, if vigor be retained, it tends to be diverted into moral dissipation or into violence, as occupations bringing more satisfaction than does labor. He is tempted to become,—indeed, he is forced to choose between becoming,—either a cynic, a drunkard, a gambler, a tramp, a criminal, a lunatic, a suicide or an anarchist. Escaping all of these,—for there are all degrees of entanglement in this situation,—he is at least forced into that familiar class where we speak of him, as kindly as we can, as one who has "lost his grip."

(5) The *velocity* of progress, due to the action of the resultant force upon the common mass, is much greater than that which would be due to the efforts of the individual alone. Each has the sense that the others are helping him. The moral and physical well-being just noted is still further enhanced thereby.

(5) The *velocity* of progress, due to the action of the resultant force upon the common mass, even as observed by those with whose efforts it coincides in direction, is discouragingly small. Even to the successful man success does not seem prompt or complete or satisfactory. It is tasteless. He awakens, usually in later life, to the bitter realization that the utmost skill in bargaining cannot possibly win one happiness.

(6) With the individuals associated in emulation there is no inducement to depart from parallelism and there is every inducement to perfect it.

(6) In competition there is every inducement to attain the minimum of parallelism and the maximum of concentration about a common center. When the forces are centrifugal it is plain that the system is in stable equilibrium: that the resultant will move the common mass toward a point where all the forces are equally centrifugal, the resultant is zero

and no more motion is possible. When the forces are regarded as centripetal, any angular gap on one side, which alone could make the resultant R of appreciable size, reveals an opportunity for the entrance of a new competitive force, the addition of which will bring the system again into the maximum degree of neutrality. It will be proven later that there always exists upon the outside of any such system a pressure which will force into it additional centripetal energy whenever opportunity occurs. (See page 184.)

This last statement in regard to competition is the same, in other form, as that given on page 81. Complete balance of the radial forces would, of course, result in no motion at all. The truth of the law is shown by the fact that such deadlock as this is exactly what is occurring repeatedly, in actual commerce, under the name of "hard times"; but it is only local and temporary. Some motion of trade must be permitted, of course, else the radial forces would lose their sustenance and die away. But it always tends toward a minimum, so far as barter is influential in guiding it. It is emulation alone which promotes all industry and all commerce; it is competition alone which limits that activity to its present repressed configuration.

The play of forces which has just been discussed in an abstract, general aspect develops concrete illustrations in any walk of industry or commerce which one may choose to enter. In any such case it is vain to expect that the regrettable effects of competition will be visible in the pecuniary returns, or the lack of them, awarded to the parties directly engaged therein. Indeed, quite the opposite is true. The most gainful of all occupations, to the individual, is successful barter. This paradox, that the

one line of effort which accomplishes practically nothing more than the negativing of a neighbor's equal effort in the opposite direction should be more highly rewarded by the community than is effort productive of value, constitutes the last and heaviest indictment of the competitive system on the score of injustice; but the explanation of the fact involves a discussion of the interaction of two such systems as Figs. 1 and 2 when operative side by side within the same community. This task involves more than the simple diagrams just presented and must be deferred to a later page. Nevertheless, no actual incident of competitive commerce can be investigated, in terms of what has preceded, without according full evidence of the absurdity and the inefficiency, if nothing more cruel, which is ever characteristic of the competitive plan of procedure.

For instance, let it be known in the open market that a certain mill-owner desires a steam-engine. In this case the consumer is not one of the common populace, influenced by the fashion of the hour or any similar whim. He is necessarily a man above the average of intelligence, although it is quite proper to assume that he is not an engineer. He enters the market impelled by quite other motives than psychic desire. He has no craving for steam-engines to be gratified. On the other hand, he probably decides to buy one with great reluctance; he would much prefer to keep his money in his pocket. But he needs an engine to perform a certain service in his factory. He knows what that service is, but he is not supposed to know what sort of engine will best perform it; that is the business of the professional engineer.

The supply of that engine, on the other hand, will not ordinarily bring with it the myriad of economic questions arising in the production of any finished article from the raw material, such as land-rent, interest, taxes, etc. With

engines of moderate size experience has resulted in the survival of a half-dozen standard types, each of which is especially fitted for some particular sort of service. It is the buyer's task to select the correct type to suit his own particular conditions.

Nearly all engines are built by one party and sold by another. To the seller they come from the factory complete and unalterable. They appear to him as a box ready for shipment and a charge upon his ledger. Of all economic and engineering questions which lie back of those items he is totally unconscious, economically speaking, if not in actuality.

But between the mill-owner who needs an engine and the series of boxed engines awaiting his orders in their warehouses there arise two questions.

(1) Suitability to his purpose;

(2) Price.

To settle these questions there journey to his mill-office a set of representatives of the several engines: commercial travelers of the highest type, practically all of them college-bred engineers, usually of good family and in the pride of their youth. Their object in coming is threefold:

(1) *To secure the order;*

(2) To take it at a good price; and

(3) Quite incidentally to the others, to furnish the buyer with the engineering information necessary for an intelligent choice productive of value and satisfaction.

The importance given to these several objects, in the mind of the seller, is in the order named. Their importance to the buyer and to the community, as a matter of fact, is exactly the opposite: (3) should come first and (1) and (2) should not enter, to the consumption of valuable time and effort in no production of value, at all.

It is also properly to be assumed that the several

engines are all equal in the honest quality of their workmanship. It is usually so in actual practice, if we exclude a small and utterly worthless minority; but their different designs make them of varying suitability to the mill-owner's purpose.

What are the results, to both parties to the conference, of this method of attaining a choice?

As to the salesmen and their backers:

(1) *One only can possibly secure the order. The rest are inevitably condemned to failure.* There are anywhere from two to ten of them. Any one of them could have given all the information needed, aided the buyer to a really intelligent selection, taken the order and had the engine shipped, in one-tenth of the time actually consumed, *had he been paid his same salary to represent all of the engines impartially.* But instead, all but one of these young men are inevitably destined to journey, argue, scheme and worry, wait and go home again, probably repeatedly, utterly in vain. An efficiency of result ranging anywhere from fifty down to ten per cent. of the contributed effort certainly does not speak well for the intelligence of the competitive plan, in the light of modern refinements of efficiency.

(2) The order has to be taken at the lowest price at which the winning representative can afford to handle the job and continue to do business. Although the efforts of the five losing salesmen have finally left in his hands the job, the privilege of building an engine, they have at least forced him to accept the task at a remuneration so low that it is questionable whether he wants it or not. So productive of human happiness to all is this plan!

As to the buyer:

(1) Instead of having the comparative advantages and disadvantages of the several machines laid impar-

tially before him, that he may make intelligent and accurate choice, he has had to contend with the efforts of six intelligent young men attempting to blind him and guide him in six different directions. In a maximum amount of time and effort he has obtained a minimum amount of information, of a minimum quality as to reliability and lucidity,—if, indeed, he has not been accorded a deal that he were richer without. Any one of the six young men, if he had been equally supplied with the records of the several engines, if he had been impartially related to all of them and had not been interfered with by the other five, could have aided the mill-owner to a far more intelligent decision in one-tenth of the time actually taken for negotiation. But no one of them is permitted to try to furnish true information. He need not always deliberately lie, although the temptation is great and human nature is weak; but he must confine himself to those half-truths which throw the best light on his own engine and which derogate the others by inference,—a procedure which is separated from unmitigated deception by an utterly impalpable line. If, for instance, his professional judgment leads him to believe that another engine than his own would better suit the service proposed, his whole attitude is inevitably either one of falsehood to the buyer or of falsity to his employer.

(2) As to price, that shows the worst failure of all. The engines were already in the seller's hands, perfect and complete, before negotiation opened. When it is concluded one of them is transferred to the purchaser's ownership, absolutely without alteration or improvement, *at just about twice its completed cost as it left the factory.* For of course the selling-houses are not doing business at a loss,—" for their health," as the phrase goes. If they sell an engine only once out of every six expeditions made

by their salesmen, that one sale must bring in enough gross profit to cover the cost of all six negotiations, with a margin over for net profit. It is inevitable that the consumer shall pay the whole cost of competition. *But what he loses the seller does not gain.* Most of it has been lost in abortive effort. It has already been pointed out that the seller failed in all of his objects except to scrape what he considers a bare living. How completely has the buyer failed, also! He started out to buy at the lowest price possible. But he started out in the wrong way: the method of barter; and when it is finished and he has paid the cost of conducting the barter he finds that his engine has cost him twice what it would have if there had been no barter, if all the bargainers were out of the way, with exchange left free and unhampered, promoted only by natural desire, by the law of supply and demand. Then he would have gone to a warehouse where all the engines were displayed, side by side, each with its record published in full: its failures and its successes, and where all were represented impartially by a single salesman skilled as to the proper field for each. There he would have purchased with a maximum of accuracy and a minimum of time and effort.

As to the engine itself:

(1) The primary effect of the salesmen's efforts is to conceal, to the maximum degree possible, the true comparative merits and demerits of each. But the sole guide to all evolutionary progress is the survival of the fittest. There is no line in which it is more essential to our material prosperity than in the consumption of articles involving technical skill in their production. To the prompt and accurate establishment of which of these is, in any case, the most fit to survive, all barter stands, with all the power with which it stands for anything, as an

absolute block. The only method of exchange and consumption under which the merits and demerits of each aspiring applicant for public favor shall be accurately determined with the maximum celerity is that of perfectly free exchange. The consumer will stand as the censor, with all the interest and all the impartiality which can be brought into the case: if he only be given that chance to intelligently express himself which free exchange awards. The only advocate needed by any novel device or proposition is the enthusiasm of its originator and its own inherent merit,—and both the personality of the salesmen and the material worth of the article which lie back of modern commercial success are very different from this indeed.

It is further to be remembered that all questions back of the complete engine, boxed and shipped, were neglected. If there be need for emulation in order to attain to good engine-design and construction, there is the place for it; it cannot possibly enter the field of barter just described. But if the box be only opened, what a mass of competitive waste, instead of productive emulation, is laid bare! Every item in the entire engine: every standard screw, every pound of pig-iron, every day of labor; every adjunct to the making of any of them: every building, every tool, every piece of land, every mile of transportation, which has entered into the furnishing of every minor item of the whole completed structure,—has been subject to the same competitive haggling over price and quality as that just outlined: just as unnecessary, just as inefficient, just as costly! At every step has this enormous burden of wasted effort and obscured truth been piled up until, to quote Carlyle freely, the greatest wonder is that anything ever does manage to get itself somehow done, at any price, however great.

Yet this is competition at its best, between intelligent parties, over goods where there is solid ground for technical decision, where mere whim is not the chief motive in the buyer's choice, to tempt the evil powers of the seller, and where the prize at stake is a few dollars, more or less. Most commonly, with the staple commodities such as wheat, coal, cotton, etc., where the differences among a number of samples is to be determined only by microscope or test-tube, the needlessness, the obliquity and the waste of commercial barter are far worse than in the field described. What it is at its worst only God knows. Even in the sale of goods where the buyer is the ultimate consumer, instead of a mere director of its use, it is far worse. If it costs as much to sell a steam-engine as it does to build it, with a sewing-machine it costs twice as much and with a shoe or a sheet of paper five times as much. As the article decreases in size and importance this ratio grows, until in some of the minor articles of daily consumption it reaches several fold.

In the exchange of ownership in the organizations where these things are made or sold, in the stock-exchanges of the world—where exchange, now no longer a pure hand-maiden to production, has become prostituted to the pleasure of and maintained or starved at the mere whim of Barter—the evil of the institution becomes far worse. The worst we shall never know. Not all the legislative and judicial probings of beef-trusts, railroad rates or insurance-company investments may ever hope to unearth more than a tithe of the scandal.

But in no such case does the evil develop as it does in the purchase and sale of labor. Here the things at stake are life and family, soul and honor,—not merely dollars. To even partly appreciate the situation we must first know more about it.

VII

SPECIALIZATION IN BARTER

TO-DAY society has grown, in complexity of organization, far beyond the primitive period when each producer carried his goods to market and there bargained over their exchange for others. The same arguments which had already led to specialization in production, whereby, even in those primitive days, each man was a butcher, a baker or a candle-stick maker, and not all three at once, would naturally, and eventually did, lead to a further subdivision in specialization: namely, that between production on the one hand and barter on the other. If barter is to exist at all, if it be true that we have not yet learned how exchange may be effected without it, it were plainly better that those individuals who were equipped by nature to succeed best as producers should concentrate all their time and talent upon production, while those best adapted for bargaining should devote all of theirs to that avocation.

This specialization was not effected until very late in the history of economic evolution. At a very early period arose the merchant, to be sure, whose time was largely and is now often wholly given to competition; but his usefulness in the economic world was also largely due to the fact that he carried a *stock* of goods. When the political environment of production and exchange was more uncertain than it is now, and when lack of transportation exposed each locality to the full measure of local irregular-

ity in production, the necessity for carrying stocks of goods was much more vital than it is now. Competition, too, was narrowly restricted by political limitations and the lack of transportation. In consequence, the merchant of the earlier centuries was much more a supervisor of deposit of goods for exchange and an insurer against fluctuation in valuations than he was a bargainer in the modern sense of the term. To-day, however, this relation is quite reversed. To-day he very often possesses no stock of goods at all; all of his business is done on the basis of orders upon the warehouses owned by someone else, or by orders upon someone who possesses such orders: securities, as they are called.

Reverting again to primitive illustrations of economic principle, rather than to early periods of economic history, it may easily be imagined how the illustrative community of fisher-folk soon gravitated into a better plan for barter with the hunters than the one previously described. The competition between the fishermen for the privilege of exchange would soon develop the fact that some one or more among them possessed exceptional talent for driving a bargain. Such persons could of course bring home from market a greater proportion of hares for a given supply of fish than could the average fisherman. Hence, it would pay the majority of the fishermen to strike an agreement with these individuals, saying: "You represent us at market, taking charge of our fish there, exchanging them for hares upon the best basis you can secure, and bring us back the hares. For your time and trouble we will then pay you in both fish and hares." As that method would save for both parties the split in character of work, between fishing and going to market, it would constitute a gain for both of them.

It would soon develop, of course, that one bargainer

could handle the fish of a great many fishermen. Nor would it be long before the hunters, perceiving the gain which the fishermen had effected by thus organizing themselves, would follow suit. Thus would the community divide itself, for the first time, into the two fundamental classes of modern economic organization:

(1) The Producers of Wealth, the greater in numbers and, on the average, the lesser in skill; and

(2) The Bargainers for Valuation, in the minority as to numbers, but embodying the bulk of the community's fund of nervous energy.

The dividing line between these two classes, it is to be noted, runs across all of the lines which divide the trades one from another. Each line of production possesses both its producers and its bargainers. But at the present time the complexity of organization is such that each of these two classes appears as itself involving many subdivisions, into specialization upon some special field of or aid to production or bargaining, as the case may be.

This statement brings us into contact with the most important of all of these special applications of barter:

Capitalism

The subject must be opened with the following preliminary definitions. The term capital will be found to have been more fully defined upon page 18; the term capitalism will be more fully defined upon page 139 and following. A full comprehension of both terms is to be had only from the context.

Capital. Capital is the *material creation* of labor, such as tools, buildings, etc., which labor amasses and uses in its productive efforts for the further creation of value, or the earning of wages.

Capitalism. Capitalism is the *legal ownership* of capital by the capitalist. It is a creation of legal artifice, not of productive labor, and is used for the collection of interest or dividends, and not for the production of Value.

To illustrate the distinction drawn here let us revert again to the hypothetical community of fishermen. It may be imagined that at first the available instruments of industry were nothing more than lines, hooks and bait. The producers were compelled to stay on shore and fish from the rocks. Then, supposes General Walker, some one among the savages more enterprising than the rest, instead of wasting in sleep and gluttony the spare time afforded by a season of plenty, took his store of dried fish into the woods and there devoted his time and ingenuity to the construction for himself of, first, a raft, and later, as he became more skillful, a canoe. It is obvious how the possession of this canoe might expand the productive power of this man. Not only are fish apt to be more plenty offshore, but they are usually less variable in supply; and even when variable or wanting in one offshore locality another might be sought, with the help of the canoe, where plenty existed temporarily.

In General Walker's picture of such an elementary economic community he proceeds to develop from the situation the power which the canoe-builder's thrift and ingenuity had given him over his fellows: how he soon found it more profitable to stay ashore, hiring out his canoe to the fisherman who would give him the most fish for the use of it; how the additional leisure gained in this way permitted the building of more canoes and their rental; how these rentals accumulated and multiplied until they amounted to plethora, and our primitive capitalist retired from active life to live in ease upon the returns from his past labor.

Such is the attractive picture of worldly independence as the result of thrift and industry drawn by General Walker, with the moral plainly pointed that such is the path which anyone may tread to the same goal, if supplied with the same fund of honorable thrift and industry to begin with. It is quoted here because it typifies the existing popular conception of affairs among a very large proportion of educated people.

More careful analysis, however, does not justify the same conclusions. It reveals, in the first place, that the process described by General Walker as a single elementary one is in fact complex and composite; that, in the second place, the nature and effects of its several parts are quite opposite in character; and that, finally, the existence of one of them in the body politic accounts in full for the very obvious fact that not everyone, nor even the majority, of those endowed with commendable thrift may hope for economic competence, not to mention independence, and that the people who do win these things very often display qualities quite the opposite of these.

In the first place, it is important to eliminate the question of inventorship and its rewards from that of mere ownership; for this portion of the question is quite irrelevant to the rest. Invention is merely a specialized form of labor; usually more productive than the other forms, it is true, and therefore deserving of reward with greater enjoyment of material wealth. But here must be reiterated with emphasis the plain fact that invention is indeed a mere form of labor, properly enjoying what it produces, as should all other labor, *but no more.* Just what this quantity is may not be stated too dogmatically nor too simply. Moreover, the question is quite irrelevant; for we are engaged, at present, in study of the proper distribution of wealth, not between one class of productive

labor and another, but between productive labor on the one hand and capitalism on the other. Therefore the question of the proper reward for invention must be eliminated. It will be supposed that the art of canoe-building is already in existence and that the energetic young savage of the illustration merely copies others in building his canoe. If we suppose him advanced to the degree of success where he is recognized as a canoe-builder and is freed from the burden of using his canoes himself in fishing, by exchanging his *current product* of canoes for current supplies of fish, he then occupies merely the position of a specialized form of Labor engaged in Production, as do also the bait-diggers, line-spinners, etc. If law, order and equity be supposed to prevail, he enjoys in this way the full product of his labor. If so, no more current income than this can come to him in recognition of his current labor except as an abstraction from someone else of the wealth produced by their current labor. What, then, is the exact significance of the income enjoyed by the retired canoe-owner of General Walker's illustration? To repeat, it cannot be value received as an equivalent for the labor expended in building the canoe; for such value is merely wages. That value the canoe-builder still holds in his hands, in the form of the legal ownership of the canoe itself, and can convert it into fish or cash at any time that he chooses to sell the canoe. Moreover, the income which he draws from the rental of his canoes has nothing to do with labor on his part, either past or current; he continues to draw this income even when he remains perfectly idle. It cannot be replied that he has to expend some time and effort in keeping his canoes in repair; for the fishermen using them must make good this expense. They have not begun to pay him a real net income or rental until after they have done so. The net income which he

enjoys and which alone is properly to be called Interest is what they pay him over and above this expense. In short, this expense in maintaining the constancy of value of capital, its depreciation, must be paid by labor *before either labor or the capitalist can derive any benefit from the existence and use of the capital.*

The next point to be noted, and the one of maximum significance, is that if all of the fishermen were equally equipped with canoes no net rental could be had for their hire. Any fisherman temporarily in need of a canoe, through the disability or absence of his own, occasionally might wish to hire one. But if so, it always develops that he can borrow one without hire. There are, on the average, as many chances of some neighbor being temporarily unable to use his own canoe as there are of some active fisherman being temporarily in need of one. Therefore it results that the rental which he is called upon to pay amounts to no more than the actual depreciation of the capital which he has borrowed. This is exactly what takes place to-day in remote seaside communities, whither the summer-boarder has not yet penetrated in appreciable quantity: the rental of boats is, to the city-person's idea, absurdly cheap. But it is not; it is merely naturally cheap, covering depreciation only. The opposite situation is visible, however, so soon as there arrives in the community a substantial addition to its population in the shape of summer-boarders. These people possess no boats whatever. They do very much need them, however, else will their vacation be a failure; and, while they own no boats, they are equipped with purchasing-power, as are the active fishermen. Therefore the hire of boats rises markedly, and the mere *ownership* of a boat, without any expenditure of energy in using it, now becomes a source of current income.

In the modern fishing-community, wherein the avocation may not be followed, in certain lines, without the aid of a steamer or a schooner, the situation is the same. The common fisherman, deckhand or pilot is, economically speaking, like the summer-boarder. That is, he needs the steamer for his uses. He has no steamer himself. He has, however, wherewith to pay others for the use of one: not immediate purchasing-power, but the productive power of strong and ready muscles instead. Out of this current productive power he pays a current hire for the use of the steamer, called interest, to the steamer-owner who remains idle on shore. To be sure, he is not conscious of this payment, by the name of interest; but it is made, nevertheless. What he calls his wages is his real productivity with the interest on the steamer's valuation, etc., deducted before it is returned to him in cash.

Therefore it must be obvious that the interest on the use of capital, which General Walker typified by the rental-price of the canoe, is in reality a *money-measure of the need of him who has not,* as perceived and enforced by *him who has.* It is plainly a direct function of *relative difference in wealth and in need* between the several individuals or classes of the community. It must sink to zero when those differences become zero.

The lessons to be drawn from this observation are primarily three in number, viz.:

(1) *There is no possibility whatever of all individuals attaining incomes from the ownership of capital.* If all citizens, or even the great majority of them, should succeed in following the example, too often self-extolled, of the "self-made" man and accumulate capitalism to an extent equal with him, the immediate result would be that

no one would any longer draw any income in the shape of interest, dividends, etc. The current rate of interest would sink to zero. However fast the masses may succeed in accumulating capitalism, in savings-banks or other form, it is only to the degree that the larger capitalists accumulate more rapidly than they that interest-rates (actual, not apparent) may be maintained.

(2) *Since interest is drawn in complete idleness, after the initial effort whereby the capitalism was hired out or "invested" and the agreement upon the interest-rate was established, it can in no sense be regarded as the return to the capitalist of the value of any productive labor, either past or current, upon his part.* The past labor, if any, of acquisition of his capitalism is conserved to him in his ownership of the principal of his "capital," which he can liquidate at any time that he desires his pay for that labor. Of current labor on his part there is none; he works only when his capitalism needs reinvestment, *which is just when it fails to draw to him an income.* This income, or interest, therefore, can be regarded as nothing else than a bald abstraction by the capitalist, from the productive labor which hires and uses his capital, of a portion of the value which the latter produces, which is demanded and collected solely because the capitalist possesses the power to demand and collect it.

(3) *The portion so abstracted naturally becomes, by gravitation, the maximum which labor can pay and still have left to itself a surplus, in the form of wages, which is somewhat greater than it would have enjoyed had it refused to hire the capital and had continued in hand-labor instead.*

If it be said that herein, at last, is the justification of capitalism: that it merely transfers to the owner of the capital the productive power of that capital, as evidenced

by the increased productivity of labor with, as compared to without it, the reply is fourfold, viz.:

(1) What potentiality for the production of value lies in any original form of capital, such as a novel or useful invention, over the methods previously prevailing most obviously belongs, if to any individual, to the inventor. At present he seldom gets it; but if he does not, the capitalist certainly cannot step into his shoes and claim it upon the same grounds.

(2) What potentiality for the production of value lies in later replicas of the original invention, by whomever created, is immediately visible in the market-price of these duplications; that is to say, in the principal-value of the capital. The only money which can honestly be demanded upon the basis of this claim is a single payment of this price. If the law is to prevent swindling, by repeated collections from the community for a single value produced, it should permit the capitalist to be paid for the creation of his capital *only once.* That is the only payment which it permits to any other sort of creative labor, no matter how continuously productive to the community the fruit of that labor may ever afterwards be. That is, it should protect the capitalist in the ownership of his principal; but all current payments which he may receive for its use, over and above actual depreciation, should be compelled by law, in ordinary justice, to count as payments in purchase of the capital. This is equivalent to saying that the true interest should be zero. In other words, the claim with which this paragraph is headed, if logically analyzed, furnishes no legitimate explanation of interest.

Standard Oil dividends, for instance, are reported to have ranged as high as 42 per cent. per annum. Discounting all considerations of watered or otherwise inflated

valuations of stock, how many times must the original labor which was expended in producing the real capital, which this theory burdens with the responsibility for all of this interest, have been reimbursed for its exertions, since 1875? *And still this labor is not paid*—according to the argument that it is the original creation of the capital which justifies the drawing of interest. *It has not begun to be paid.* It still holds the full value of the principal as certificate of this work done so long ago. For this work it will acknowledge full payment only when, in addition to all of these payments of interest, the principal is liquidated. On all other stocks, usually earning lower rates of interest, although the absurdity of the claim may not be so palpable, the injustice is just as pure.

(3) This point can be brought out still more clearly if there be introduced into the elementary illustrative case still another step in specialization, one which is now an almost universal fact in modern industry: the one between the real production of capital and its mere idle ownership. We may imagine our canoe-builder, for instance, become so prosperous that he can afford to sit in the shade and to hire, with a portion of the rentals drawn from the canoes already in use, canoe-builders and repairers to work for him daily. These men receive wages for their daily work. It is ordinarily supposed that, in simple justice, they receive the value which they produce—this value being, as in any case, the gross value created minus the cost of the " central-office " direction and accountance. If so, then the indebtedness for the original creation of the capital is canceled forever there and then, and no further just claim for payments of any sort may ever after be based thereon. If, on the other hand, interest be a sort of deferred payment, to the producer of capital, of that por-

tion of the value which he created which was not paid to him at the time when the capital was created, then these hired creators of capital are not receiving just wages at the hands of their employer; he must be holding back something of their value produced, and when it later finds its way into his hands he is bound to turn it over to them. He cannot pose otherwise than as a trustee. If he holds back this portion of their natural wages and does not later turn it over to them, then is this merely another way of transferring value from its producer to one able to acquire it by force of circumstance; that is to say, the employer assumes toward his employee the same attitude as the armed hunter did in bargaining with the unarmed fisherman. It is needless to say that actual interest-payments do not pretend to follow these lines of disinterested trusteeship at all. They therefore must not lay claim to the principles lying back of them.

(4) The final point of significance as to the nature of interest is that the great bulk of capitalism upon which interest is now being drawn *never was created by the capitalist at all.* It was won by barter or was inherited. Therefore the question as to the true nature of the capitalist's proper income: interest,—whether rightful or the opposite,—turns upon the value to the community of the Capitalist's mere suzerainty of these replicas of Invention's novelty, which were produced by Labor and acquired into legal ownership by the Capitalist by methods yet to be explored.

All of these considerations unqualifiedly identify capitalism and the collection of interest as a species of barter. The points of coincidence whereby this identity are established are:

(1) It has nothing to do with Production. Capital

has, but Capitalism has not; and the capital is furnished by Labor, not by the Capitalist.

(2) Its amount is determined and its payment assured solely by might, of legal possession on the part of the capitalist and by force of need on the part of the borrower, the laborer.

(3) It universally tends to expand against its ultimate limit: the ability of the user to make the interest-payments and still earn wages slightly better than what he might earn without the capital.

Therefore capital and interest-drawing will hereafter be regarded as merely one form of barter or competition, and will be understood as included within those terms. In capitalism the competition is between classes, the capitalist-class vs. the borrowing (or producer) class, instead of between trades or between individuals, as were the two forms of competition already discussed. We shall contrast the former with the latter by the terms *vertical* and *horizontal* competition, respectively; but except for this difference in relative position of the contending parties the two forms of competition are identical in nature.

These statements have not been founded at all, it is to be noted, upon any denial that labor is better off with capital, even under capitalism, than it was previously. It merely denies the self-righteous explanation of interest as an institution warranted by considerations of justice. The existence of capital,—the material tools used by the producing laborer,—is warranted by its beneficent effect upon general and individual productivity. The existence of capitalism is not warranted by any consideration except that we do not know how to get rid of it. That the increment in productivity due to the use of capital should go back to the capitalist, either in whole or in appreciable part, as a matter of justice, is denied in toto. It comes

back to the capitalist, in large part, simply because he can make it come back. All pretense that he, purely as a capitalist and not as a laborer specialized into superintendence, either produces this increment himself, or that he himself aids labor to produce it, is absolutely without foundation—as will appear even more clearly as the analysis develops.

As with many other pairs of activities between which sharp contrast is to be drawn, these of the creation and the ownership of capital, or of the use and the ownership, may both find expression, at times and in part, within a single individual. Such an one may devote a portion of his time to each of the two; or here, since one "activity" is idleness,—the activity consisting solely in the consumption of wealth produced by the activity of others, a negative activity,—all of his time may be absorbed in productive labor, for which he enjoys full return in the form of "wages," while the income from his ownership of capital comes quite in addition to that.

If it be urged that the capitalist runs constant risk of not being able to obtain profitable investment, or to liquidate his capital into its orginal money-value upon need, owing to constant fluctuations in commercial valuations, the reply is threefold:

(1) The individual's voluntary risk is of no value to the community and there is no reason why it should reimburse him therefor. Piracy runs risks, in prosecuting its business upon the high seas,—of a gallows erected by its own lawlessness. So does anarchy, in handling dynamite. The burden of proof remains upon the capitalist to show how his risk aids the community. It is of his own making and his own choosing. If he had sold his capital for cash at the time of its first creation, not attempting to keep it for the sake of prying interest out of other people's pockets

with it, there would have been incurred no risk of losing it. The risk would then have been distributed over the entire community and have become insensible.

(2) The risk is not so great but that (*a*) it is overbalanced by the average rate of interest, so that there always results to the capitalist, in the long run, a handsome net income; and but that (*b*) capitalism steadily accumulates; that is, that the capitalist enjoys the situation and constantly seeks to accentuate it.

(3) The risk is incurred solely because it is the aim of all barter to fluctuate prices, and because all capitalism and all barter are operated upon the principle of cannibalism. That is to say, if one capitalist should find at any time that his capitalism had depreciated, or flown altogether, it could be only because he had taken too heavy a pirate's risk and attacked too powerful or too empty a galleon, or because some other capitalist or barterer had caught him napping and had gobbled him up.[1]

[1] If the question which must be answered ultimately: What is it which determines, in actual life, which individual is to be the capitalist, absorbing interest, and which the non-capitalist, paying it?—if this question is to be given its preliminary answer here, that answer may be founded upon what has just been said. With the great majority of self-respecting individuals of cultivated taste, barter and capitalism still savor far too strongly of the methods and manners of eighteenth-century piracy, not to mention the cannibalism of a still earlier period, to permit them to enter into it with that zest which alone commands success. We have outgrown the institution barter, not only as a unit-nation, but as a question of individual taste. Such individuals, therefore, choose instead either honest, honorable toil or some one of the equally honorable professions. That these classes include the ablest and most valuable citizens the country possesses, whether measured by economic or by ethical standards, cannot be proven here. But the question is not dodged nor minimized, and is given full treatment later, in its proper place. In fact, since it is the test of value of all studies in sociology that they shall reveal the destiny of the individual, it is the main object of this book, ultimately, to bring out this very fact: that our most valuable citizens are amongst those who fail to accumulate capitalism.

The situation in the illustrative community of fishermen, after the advent of capital and the capitalist, is therefore four-sided. First comes Labor-Specialized-upon-Fishing, which can produce more with the canoe than without it. Next comes Invention, which has created by past effort the Idea which constitutes the difference in value of Labor's productivity with and without the canoe. Invention is therefore one form of specialized productive labor: Labor-Specialized-upon-Invention. Next comes Labor-Specialized-upon-Canoe-building, which would ordinarily, or in natural justice and freedom, exchange, with permission from the Inventor or after proper payment of his value-produced to him, with Labor-Specialized-upon-Fishing at the *natural price.* Finally comes the Capitalist, producing nothing currently, nor trying to do so, but owning replicas of Invention's novelty, for the use of which Labor prefers to give him the bulk of the increased value produced with its aid (instead of giving it to Invention, who is unable to enforce its payment to him) rather than to get none of it by refusing to use the canoes at all.

The natural and the artificial relations of these four individuals or classes is shown in Figs. 3 and 4 respectively. In them, P_1 represents productive labor specializing upon the transformation of the raw material itself into finished articles fit for human consumption; P_2 represents productive labor specializing upon the supply of the tools, or capital, used therein; I represents invention and C capitalism. Fig. 3 shows the first three in their natural association, each credited with the value he produces and coöperatively exchanging this value with the others in order to produce a complete net result for life and progress. If we call, for the purposes of illustration, the proportion of the selling-valuation of that net result which is accorded to labor, as wages, as the net result itself, neglecting for

the time any question as to their actual identity, then it may be said that this is exactly what occurs in every factory possessing a tool-maker and a designer. P_1 is the operative, P_2 is the tool-maker and I is the designer for both. Under the guidance of the Central Office, which keeps a record of the average productivity of each, they exchange coöperatively, upon the basis of natural price, with no consciousness of either capitalism or barter in connection therewith. And the Central Office is itself a part of the wage-earning labor-body, a portion of P_1. In so far as all questions of human nature are concerned, it is

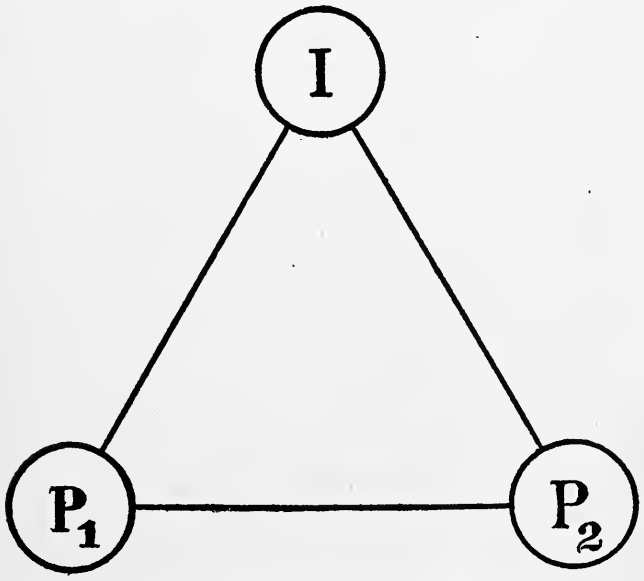

Fig. 3. Natural Coördination

not only true that such method of exchange is perfectly feasible, but it is an existent fact that *it is the only one now known in the daily lives of some ninety per cent. of the individuals now carrying on all productive industry.*

Bringing the question of capitalism again into the situation, however, it is to be recalled that capitalism intervenes

between the three, although they are quite unconscious of it in their daily tasks, in every exchange which they make with each other beyond the factory-walls. Neither directly nor indirectly, visibly nor obscurely, do they barter with each other; but at every such exchange between them arises the opportunity of the Capitalist to barter, to put the interest-extractive pressure upon them or upon the public: with what effectiveness, although little time is visibly spent at it, will be developed as the analysis proceeds. These actual relations are shown by Fig. 4.

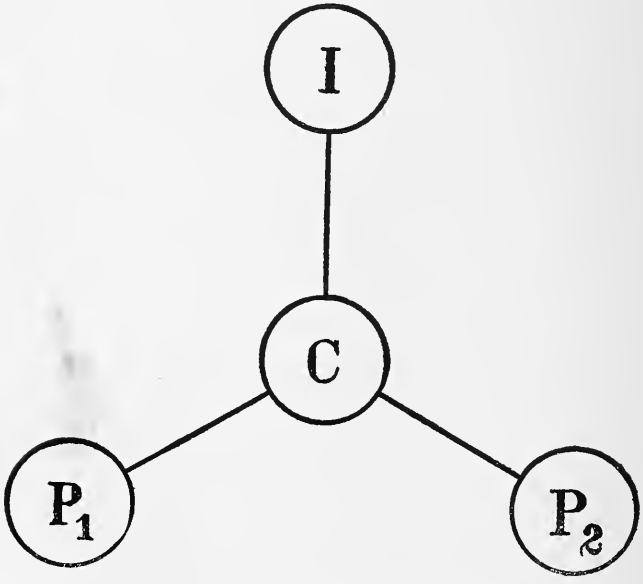

Fig. 4. Coördination Distorted by Capitalism

Here capitalism intervenes between one portion of labor and another, or between either and invention, in whatever exchange between them is essential to industry and progress. The exchange takes place anyhow; it must, or the specialization and coöperation of the three must cease. But it is now warped from its naturally straight lines of

communication so as to pass within the control of capitalism. As it does so the value of the exchange is tapped for the income which capitalism enjoys: Interest.

Summary. In view of all these considerations the following principles of equity are laid down as axiomatic:

(1) The only return honestly earned in the original production of capital is that reserved to any other form of productive labor, viz.: the value produced. This once conserved to the producer by the community, in a single net payment for a given lump of material capital produced, any demand for a second or a greater payment, or for a series of current payments, such as interest, amounts to extortion pure and simple,—under what pressure will be seen later.

(2) The gain in productivity of labor due to the existence of capital, over what it was without it, if to be divided by Labor with anyone, should go in part to the Inventor, as to another form of productive labor; but the question as to what portion should go to each is here deliberately neglected, as irrelevant to the main question.

(3) The doctrine that Interest is earned by current service performed for society by the Capitalist will not bear investigation. In the first place, the interest is paid only during those periods when the Capitalist is idle; and value cannot be produced, and if not produced is not earned, by idleness. In the second place, the ownership of capital is retained by the Capitalist at his own behest, as a privilege, solely for the purpose of drawing the income under discussion, and not as a patriotic or philanthropic piece of self-sacrifice. For instance, the chief source of our present municipal corruption is the enormous sums which the Capitalist is willing to spend *for the privilege of owning* the productive capital used by labor in main-

taining urban transportation, the supply of gas and electricity, and similar public services. If the canoe-owner had so much desired to benefit either the individual fisherman or the community with his canoes he would have sold them to the one or the other for their equivalent in fish, as soon as built; for he would then have received, in consumable form, the full value of his labor, the value produced, and could therefore hardly pose as an altruist; while the utmost service which he could perform for society and for which he could equitably ask pay had then been done.

In actual life to-day the same thing is true: the greatest service which the capitalists might do for society would be to sell their capital to the community immediately, instead of holding it for the purpose of drawing interest, and to cease to be capitalists. But this is the last thing they wish to do. If Mr. Carnegie would only cease presenting to the people, in the form of libraries, a portion of the millions which his ownership of his steel-works pries out of them, and would give or sell to them the steel-works instead, he might have a better chance than now promises, at the needle's eye in that dread hour which all must meet: when, as he says, to be rich, to own capitalism, is to be disgraced.

It may be replied to this that it were futile for Mr. Carnegie to so present his steel-works to the American people, for their value would soon be dissipated in the hands of the politicians. What is the objection, then, to Mr. Carnegie's presenting himself to his country, along with his steel-works? He has handled them most effectively, in the past, for the purpose of raising and maintaining the prices of steel,—that being the sole measure of success in private capitalism. Why could he not be trusted to handle them just as effectively, in the future, for the depression of steel-prices to the natural cost of

production?—were it only once understood, in the minds of all of us, that the works were to be owned by and run in the interests of the American people, and that his sole pride of success lay in accomplishing that public good to the utmost! Could we not well afford to voluntarily pay him then a fixed annual salary of $1,000,000, twenty times what we pay our national executive, one-twentieth of what Mr. Carnegie's capitalized steel-works now squeeze out of us by force? Could we not then build our own libraries, to fifty times the present scale of construction, and cement them into our community-life with a much better grade of public self-respect than now? Could we not then live upon that modest income in sufficient comfort, and with a sustaining honor, finding in both a fair recompense for doing what Lincoln did for a few thousands only, and what Washington did for "the empty honor" alone, viz.: to serve his country with a single eye to its welfare as a whole? When Mr. Carnegie shall have honestly answered these questions to himself he need no longer dread the straight and narrow passage through the needle's eye. He will have already passed through, and with what travail none but he shall ever know.

(4) The immorality of the practice of interest-drawing is obvious from the premium which it places upon idleness. The privilege of drawing interest never persuaded anyone, successfully, into productivity. It persuades them directly away from productivity, into barter; and when barter has accumulated enough, away from barter into idleness. No one who has spent his life in production draws an appreciable income in the form of interest. Not even inventors, according to Mr. Edison, ever make money by inventing; they make it, if at all, as business men, by successful barter over their inventions. Every existing income of appreciable size which consists of inter-

est upon invested capital is drawn from a fortune originally accumulated by barter.

The simple fact is, the exaction of Interest from Labor for the use of capital is a parasitical process attaching itself to the Exchange between Labor-Specializing-upon-Tool-making and Labor-Specializing-upon-Tool-using, exactly as Barter is a parasite upon exchange between labor using one sort of tools and raw material and labor using another sort. The characteristics of the two parasites are exactly alike. Every generalization or law previously stated or hereinafter to be deduced in relation to barter holds equally true of the drawing of interest from the idle ownership of capital. The pressure which is put upon productive labor to give up this strength to the parasite is exerted in a different fashion, to be sure, but the difference is in form only. In barter it falls directly from the barterer upon the laborer; in capitalism it falls indirectly, and therefore more obscurely. But it is the same force in each case.

Rent. Into exactly this same classification, too, falls the income, scientifically defined as *rent,* which is secured by the idle ownership of

Land

Land possesses value for the purposes of either manufacture or residence, quite aside from any artificial improvements which may have been imposed thereon by labor, in either or both of two ways:

(1) By its geographical or topographical conformation;

(2) By its relation to the artificial improvements and the current exertions of Labor upon adjacent land.

Neither of these items can be altered by any effort upon the part of the occupier of the land. The second one can be, and normally always is, markedly altered by labor, but it is by that of the other members of the surrounding community. Therefore there is no reason why either of these two values should be conserved to the occupier, as his property, by law. Thus, to manufacture iron is needed a locality whither coal and ore can easily be brought and whence iron can easily be shipped: all, presumably, by water. This facility, aside from any improvements for navigation attained by the expenditure of labor and which would constitute capital, is unalterable. The value which attaches to a locality in view of these facilities is quite distinct from the value due, for instance, to contiguity to a great city; for this latter value is markedly alterable by those who build the city, whereas the former is not. The larger and the nearer the city is built to the locality in question, the greater becomes the value of the latter as land; yet in the production of this value the iron-manufacturer, as such, could have no part.

Reverting to the law of decreasing returns, it will be remembered that the greater the population supported upon a given territory by the parallel exertion of similar effort, the poorer would become the later portions of land drawn into service. The latest comer would take the poorest land because it were the best available. But it is to be plainly noted that standards of ethics take no cognizance of priority of birth or of occupation by force. The law of the land does, it is true, but it is justified therein by no standards of equity recognized by the broadest interpretations of the Christian faith. To push in ahead of the weak, and then to claim protection as one in the right, is the policy of ruffianism or of thoughtless childhood, but not of Christian men and women. So far as *natural* law

is concerned, on the other hand, the true method is always just the opposite: the later form of life is constantly and rightfully overruling and displacing the earlier, securing and utilizing its opportunities by newer, better, higher methods of life. As the Scripture saith: "And the last shall be first."

Therefore, the least which society can properly do in this connection is to recognize that the lateness of arrival of him to whom is allotted the poorest land is an event which cannot in equity be either charged against him or credited to anyone else. Whatever it may bring to the community, of good or bad, is a community-event, to be shouldered by it as a unit.

Or, to take a more religious view of the case, mankind finds itself relying upon the land for life as a fact of God's creating. God gave to man the land, to dwell upon in peace and justice. Therefore, since the Christian faith makes no distinction between individuals, in its value each possesses an equal right, as a birth-right.

From either standpoint, the only rightful basis for the legal distribution of land-values is to consider each citizen, by right of birth, as an equal share-holder in the value of the total land available, although its actual occupation may be taken up and enjoyed by the different members of the community in the most diverse fashion. Its *average productive power* per acre per capita would then constitute the *natural rent* of land, or the value assignable to each citizen as his share. Since each enjoys the use of land to some other quantity or value than this,—greater or smaller, at his pleasure,—if its current productive value be greater than the natural rent, he owes the surplus to the community; if it be less, the community owes him the difference. These two sums of debits and credits are of course equal, and balance each other. The community

stands merely as a clearing-house for the transfer of value from those who enjoy more than their proper share of land-value to those who enjoy less.[2]

Upon this natural relation between the community and the individual in regard to land is superimposed the artificial device called *the legal ownership of land.* In its relation to the natural attitude between citizen and citizen it stands in exactly the same attitude, and exists for exactly the same purpose, as does barter in regard to one sort of exchange and capitalism to another: as a parasite. For natural rent is, of course, merely one form of Exchange: that between Labor Specializing upon Land-using and Labor Specializing upon Tool-using. Since land, as well as labor, produces value, exchange is necessary in order to circulate that value throughout the community. The only natural and equitable method of effecting this exchange is by natural rent. But in this exchange selfishness sees again an opportunity for the gain of wealth with-

[2] It is this *natural rent* for land which underlies Mr. Henry George's single-tax plans. As to the practicability of those plans for attaining the payment of a natural rent in actual life, or of any substitute plans, the writer wishes to raise no question whatever at present. He wishes merely to point out the existence of such a rent, as the only natural and just one, whether practicable or not, and as the only one upon which can be based an accurate analysis of the equities and inequities of modern industry.

To grasp this clearly it is necessary to point out, as Mr. George did not, that the average net rent of the community, viewed in this way, must be zero. That is, since the advantage of using land of high value does not stay in the hands of the user, half the community would choose to occupy land of inferior value and to receive from the other half, occupying the more valuable land, their share of its productivity. The former half would "pay" a negative rent.

The whole proposition depends upon a recognition of the principle that the land (not its improvements) belongs to the community and cannot, by any distortion of the idea of equity, really "belong" to any individual: a principle so axiomatic in its fundamental justice that it receives to-day practically universal acceptance, although the practicability of incorporating it into workable statute law is almost as widely rejected.

out the labor of creating it, by the taxation of exchange. By creating a legal fiction called a *title to the land* it is able to distort the payments for land-use away from the natural rent into a greater *commercial rent,* and to thus divert into its own pocket the difference. This last is the maximum which Labor-upon-Land can consent to pay and

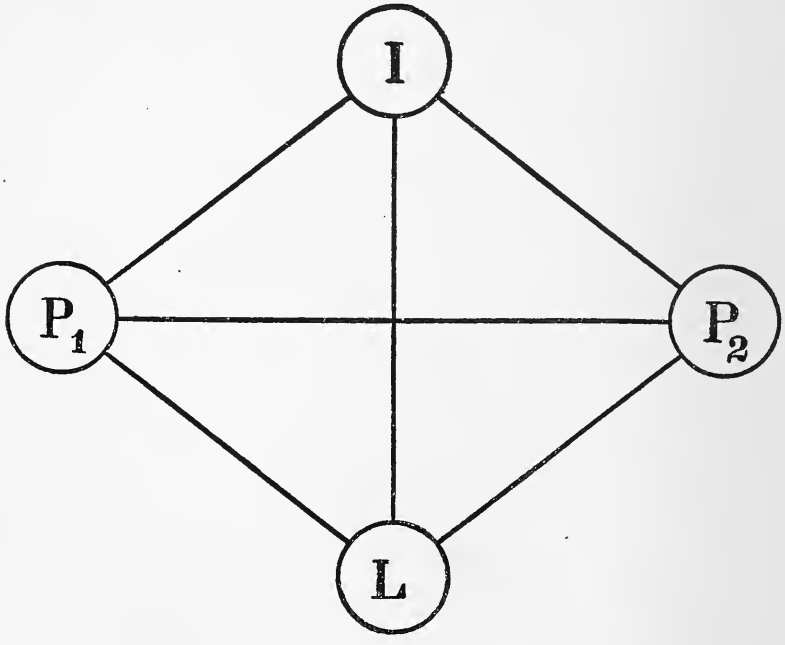

Fig. 5. Natural Coördination

still derive a net benefit from the land sufficient to persuade it to continue tenancy.

In thus securing something for nothing and in thus "charging all the traffic will bear," landlordism is exactly like any other sort of capitalism; and both are one form of barter. Between capital and land,[3] both of them

[3] Upon this distinction between land and capital: that one is made by God and the other by man, Mr. George bases all of his distinctions be-

material things,—one being artificial and the other natural,—there is a wide economic difference, to be sure. Between capitalism and landlordism, both of them legal artifices, there is no difference whatever, either in principle, method or result.

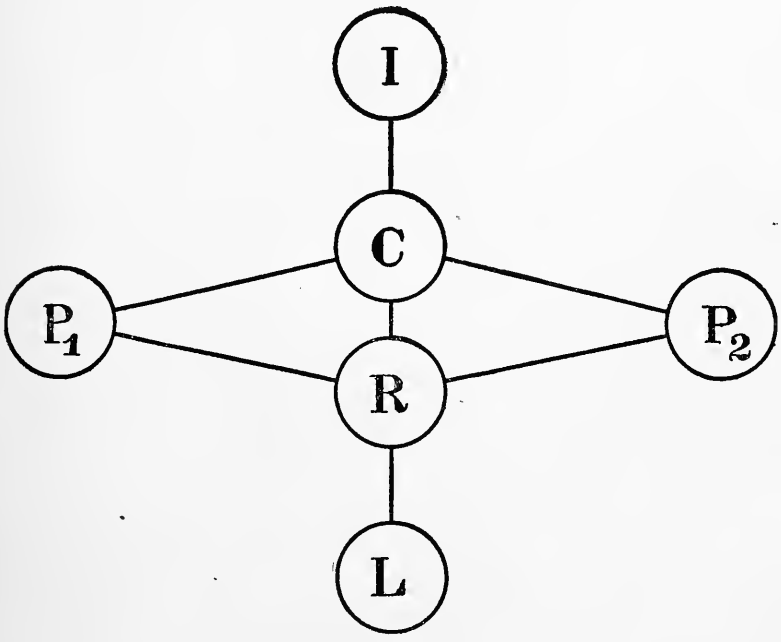

Fig. 6. Coördination Distorted by Capitalism and Landlordism

To illustrate this relation, Figs. 3 and 4 are here expanded into Figs. 5 and 6, which give respectively the

tween landlordism and capitalism. From it he deduces all of his conclusions as to the former being the source of all of our social evils. That Mr. George is right in condemning landlordism I am very glad to uphold. In fact, to his clear-headed work up to this point I am myself much indebted for a correct start through the maze. But to the remainder of his conclusions this entire volume takes the broadest exception.

natural and the artificial relations in exchange between labor specialized in different directions when the questions of land and landlordism, as well as capital and capitalism, are added to the question. In them, L represents land-value and R commercial rent or landlordism; the other signs are used as in Figs 3 and 4. The same distortion of the natural path connecting land with labor in exchange, so as to lead it within the control of landlordism, occurs here, as is shown (in both pairs of figures) between the invention and production of capital and the labor which uses it. Both of the former can reach the Labor engaged in making actual, consumable commodities only through Capitalism; the Labor using land can reach any of them only through Landlordism.

Before further progress can be made in the analysis of social energetics a summary of what has been accomplished must be presented, in the form of a series of definitions. Those of Production (see page 28) and Barter (see pages 69, 73 and 95) are not repeated here.

Land-value or Natural Rent is definable as the *current* ability of a given piece of ground, due (*a*) to its topography and (*b*) to its geographical relation to the labors of the community, to support life. *There is no possibility of equating land-value with labor-value, nor natural rent with wages; they can be expressed only comparatively, in terms of the life-supporting ability* (*under like labor*) *of other portions of land.* This is why the net average natural rent must be zero: in order to eliminate land from the equation of labor-values entirely, leaving the latter free for equation without the presence of an unknown quantity. Land-value or natural rent excludes all consideration of artificial improvements upon the land.

Landlordism is the legal, idle ownership or control of land, with the enjoyment of its commercial rent. It is one form of Capitalism.

Commercial Rent is the excess over natural rent of the current payments exacted from Labor by Landlordism for the use of the land. It is a tax imposed upon exchange between those using the land in one form of production and those prosecuting production in other forms or localities. In this it is one form of Barter.

The term rent is often used, in actual life, to include payments made for the use of buildings or land-improvements; but these latter are not true rent at all, but are interest paid upon Capitalism.

Capital is the material product of labor which is utilized by labor in the further production of value.

Depreciation is the natural and inevitable loss in value of capital with time and use. It must be made good by Labor using capital before exchange with other lines of production can be effected.

Capitalism is the legal, idle ownership of capital, with the enjoyment of its artificial net income: Interest. It is almost one with Landlordism. In fact, the word capitalism will usually be used, hereafter, to include both ideas.[4]

Interest is the *surplus over depreciation* collected by the idle Capitalist for the privilege of use of his capital in production by Labor. It is a tax upon Exchange between the value thus produced and other forms of value. In this it is one form of Barter.

[4] Capital and capitalism must never be confused. Capital is a material thing, a tool, and can originate only in productive labor. Capitalism is an institution, a legal artifice, and originates, in the great majority of cases, solely in barter.

The Two Economic Divisions of Society

From these items thus defined, with the others given in previous chapters, may be built up the complete anatomy of the modern economic organism. It appears in a dual, Janus-faced form, as displayed on pages 142 and 143, each aspect arrayed under its characteristic cognomen; viz.: Production and economic Dissipation, respectively.

Economic Dissipation. These two terms, Production and Dissipation, are strongly contrasted in their economic significance. The first of these terms we are now in a position to well understand. It was defined on page 28, and the discussion since then of the phenomena of specialization and coördination must have given it a clear light. The significance of the second of these terms is only now about to be brought out. It will first receive preliminary definition as covering *all economic activity not productive of value.* Its complete definition, even in outline, can be had only from the two following full-page tabulations of the characteristics of production and dissipation respectively. Its full comprehension can be had only after the most exhaustive discussion and deliberate reflection. This one volume alone, while devoted especially to this task, is altogether incommensurate with its size, its intricacy or its importance.

In the following exhibit there is only one item which calls for immediate discussion. This is the statement that Production consists solely of the overcoming of material or brute obstacles, while at the same time superintendence is included in Production. Many a man who has engaged more or less in superintendence will say that it consists largely in overcoming human obstacles.

The case well illustrates just the main point which is sought to be brought out, in one of its more obscure occurrences. The superintendence of to-day combines two distinct duties:

(1) The organization and education of labor of an inferior degree of intelligence into the maximum possible efficiency;

(2) The exhortation or compulsion of labor which has already contracted to perform certain duties at an agreed price to fulfillment or over-fulfillment of its agreement.

The first is purely productive effort. It naturally should, and it usually does, meet with the heartiest coöperation on the part of subordinate labor; the understanding of the laborer may sometimes be small, but the spirit is willing. *Whenever this is not so it is because of the constant presence of (2) and its association, in the mind of the laborer, with the superintendent's every effort.*

The second is purely barter in character. The work was agreed upon at a fixed price per day. In reaching that agreement the laborer is at all times conscious of the fact that the wage is low because its every diminution goes into his employer's pocket; what he doesn't get as wages the employer gets in the form of profit. He accepts because he can get no better. He knows, too, that the less which he does per day for a given wage, *all of his class uniting in the same policy,* the greater will be the wage per day. (For the proof of this statement see pages 155 to 192.) All of these ideas unite to form in labor's mind a most natural antagonism to the desires of any agent of its employer's interests; which, for this portion of his time and effort, the superintendent is. The laborer's will therefore assumes an attitude of resistance. He embodies psychologically for the first time (and therefore gets the blame for) what the wage-system has embodied

DIVISION I

PRODUCTION

The CREATION of VALUE:

By the TRANSFORMATION and TRANSPORTATION

Of RAW MATERIAL, viz.:	*Stock* and *Incidental Current Supplies;*
With the use of CAPITAL, viz.:	*Improvements on Land, Buildings,* and all *Tools,* including both Hand-tools and *Machinery;*
In the hands of LABOR, viz.:	*Productive Labor proper,* unskilled and skilled, *Labor devoted to balancing Depreciation,* and *Superintendence,* including Organization and Direction, Design, and Invention;
In SPECIALIZATION and CO-OPERATION:	Among a host of *Trades, Arts* and *Professions* (excluding only Civil Law);
Through the medium of	EXCHANGE;
From the NATURAL SOURCES of Value, viz.:	The *Field,* the *Forest,* The *Mine* and the *Sea;*
To its NATURAL DESTINATION, viz.:	The ULTIMATE CONSUMER.

It consists solely of the overcoming of

Natural, Material, Inanimate or Brute Obstacles.

It brings to each Worker, in so far as it is uninterfered with,

What He Produces,

except as he may choose to divide with the Incapables: The Sick, the Maimed, the Insane, the Orphans, the Criminals, etc.

It is devoted solely to

The SUPPORT of HUMAN LIFE and GROWTH,

and is the sole means to that end in the possession of Society.

DIVISION II

DISSIPATION

The CONTROL of VALUATION:

By BARTER or COMPETITION over the PRICE or OPPORTUNITY

Of RAW MATERIAL;	
Of LAND, viz.:	*Geographical Site;*
Of the use of CAPITAL, viz.:	*Improvements on Land, Buildings, Tools, Machinery;*
Of PARTIALLY COMPLETED PRODUCT;	
Of LABOR exerted productively with and upon the foregoing; and	
Of THE FINAL PRODUCT;	The *Value* ultimately reaching the World of Consumers, for the Support of Human Life and Growth;

By TAXING EXCHANGE between any two of these six foregoing items,
With the aid of LANDLORDISM: The legal, idle *Ownership* of Land;
With the aid of CAPITALISM: The legal, idle *Ownership* of Capital;
With the aid of BARTER pure and simple, viz.: The active diversion of *Market-Prices,* whether of Commodities or of Labor, away from the Natural Price;

In CIVIL CONTROVERSY: Between a Host of rival *Dealers, Salesmen, Agents, Corporations, Trusts, Syndicates, Promoters,* etc., and their Assistants: the *Civil Lawyers.*

It consists solely of the overcoming of

THE RESISTANCE OF THE HUMAN WILL AND INTELLECT,

By means of *Skillful Persuasion,*
Of *Misguidance by Half-truths,*
Of *Downright Deceit,*
Of the *Exploitation of Discomfort and Duress, Pride* and *Fear,*
Of the Active Creation of a *Deforming Pressure* against True and Normal Life.

It is devoted solely to the transfer to each Devotee of a portion of the VALUE WHICH *SOMEONE ELSE* HAS *PRODUCED.*

It concerns solely the

DISTRIBUTION AMONG INDIVIDUALS,

and not the

CREATION

of Value. It does absolutely nothing for

THE SUPPORT of HUMAN LIFE and GROWTH.

causatively as a fundamental institution in our static law, viz.: antagonism of interests as the sole guide in the distribution of wealth. This resistance constitutes Labor's chief method of barter, whether displayed at the moment or deliberately systematized in organized effort, in strike or boycott. In this sense the laborer as well as the superintendent spends a portion of his time in barter; but it is a very small portion of the whole for the former.[5]

Economic Production and Economic Dissipation. In the light of the above exhibit it is proper to repeat our definitions of Emulation and Competition in final official and expanded form and to show their identity, as psychological impulses, with the two broad divisions of economic activity into which we have just seen the industrial and commercial world to be divided, into Production and Dissipation, respectively. At the same time the demarcation between the two divisions in the familiar affairs of everyday life may be made more plain.

Emulation is the rivalrous spirit finding expression in increased Activity of Production of Value.

Competition is the rivalrous spirit, and also the resultant act, when finding expression in increased Intensity (but not necessarily activity) of Barter over Valuation. It is antagonism in the determination of market-prices. It includes all activity expended in influencing the direction of demand (ordinarily called "finding a market") so that purchasing-power which might be expended upon a competitor's goods, or upon some entirely different commodity, is diverted into one's own direction. It includes all rigidity of purpose, when evinced in the idle ownership of land or capital, aimed toward the restriction of the use of these necessary adjuncts to the production of value

[5] For a continuation of this topic see pages 244 and 504.

by labor and to labor's exchange with the consumer, to the end that both laborer and consumer will be ready to pay a greater tax for the privilege of their use. It includes:

(1) All commercial negotiation;[6]

(2) All but a mere tithe of all advertising;[7]

(3) All commercial traveling, solicitation and commission-agency, and all commercial correspondence carried on with the same in view;

(4) The activities of all combinations of individuals looking to the wielding of greater power against their economic adversaries, such as corporations, consolidations, trusts, pools, and lock-outs; all labor-unions, strikes and boycotts;

(5) All employment or sale of labor, in the sense of the negotiation of an agreement preliminary to going to work, or of the reopening of that contract at any future time;

(6) The promotion and financing of all commercial enterprises, old or new, except pure invention, and hence nearly all banking, all brokerage, and all insurance, mortgage and pawn-shop loans;

(7) All stock-manipulation, trading or gambling,

[6] A great deal of such negotiation, especially in retail trade, involves the communication of information concerning quality, etc., of goods. In so far as the information thus contributed is *true* and *reliable,* and is known to be so with that confidence on the part of the recipient which alone can make it of use to him, it is productive of value and its cost should be classed with Production. But it is plain that such a process is always preliminary and incidental to and quite distinct from true negotiation, which consists purely of the discussion of price.

[7] The reader who is inclined to question the validity of including advertising as a non-productive species of effort is referred to a discussion of this topic on pages 170-175. The question naturally arises at this point in the analysis, but its answer is preferably deferred until some further definitions can be introduced.

whether on 'Change or in the prosecution of one's private business;

(8) All expenses for corporation-law or commercial counsel, for lobby or for "influence";

(9) All civil suits looking toward the settlement of disputes as to valuation or ownership, which includes all civil law;

(10) All multiplication of accounts because of any of the above;

(11) All cost of employing, organizing and superintending all assistant labor directed into the furtherance of the above processes.

The Homogeneity of Competitive, Dissipative Effort. The classification just listed includes within each class industrial activities which bear, superficially, the greatest dissimilarity. Yet it has been the office of the preceding pages to demonstrate that in their inherent nature they are alike. It will be the office of later pages to prove that they are properly to be styled as dissipative, and that in their effects upon the individual and the community they are also alike. They together constitute a single homogeneous institution. In all following analysis, therefore, it will be taken as demonstrated that it makes not the slighest difference in the amount of the evil wrought, but merely in the form of its detail, whether the competition under discussion makes use of land-values, capital, the circulating medium, the opportunity of daily labor, a market for material commodities or the most impalpable of personal forces promotive of progress, as the basis for its negotiative and dissipative activities. This position the sequel will be found to uphold. In each of these cases the effect upon the community will prove to be equally bad. Each is equally responsible. No one of

them is a cause, the rest being effects. All are parts of one whole. The remedy to be effected by the removal of any one of them will be fractional only, and proportional to the degree of its presence. Only the excision of Division II in its entirety, from each department of industry where it appears, can accomplish aught. Finally, and most important, *the cure thus accomplished will not be coincident with the confines of the excision, thus to be identified as its result, but will be almost equally distributed, by the fluidity of life, throughout the community,* so that the identity of cause and effect will be traceable only by the most careful of analyses. Just as the debilitating effect of cancerous growth in the human body is felt in all of its functions, almost regardless of the location of the cancer, so is the effect of this evil institution of barter, now harbored within each organ of the body politic, felt to its uttermost fibre. Just as the removal of the cancer relieves the patient from head to heels, so will the excision of barter from any one of our economic organs lift the brakes from trade and life in all directions almost equally.

VIII

DISTRIBUTION

THE wealth of material commodities which supports all life, growth and enjoyment for a community arises, then, from the efforts of only one division of the industrial body: the Producers. By the processes of exchange, modified by barter, this wealth is divided between, or "distributed" to, the several classes and individuals of society for their consumption and support. Obviously, all which the Competitive Division enjoys is a portion of what the Productive Division produced and was forced to share with them.

It will soon be made obvious that the productive division is forced to place its entire product in the hands of the competitive division, to receive back again only that minimum portion which will persuade it to remain active in production.

If the exchanges were carried on literally, as they were imagined to be in the elementary illustration of fish and hares, the goods being actually brought to market and visibly exchanged there, this fact would be much less obscure than it is at present. (See page 79.) But the complexities of modern industry forbid that simple and transparent method. Instead, the device called *money* is introduced. Each producer exchanges the product of his labor for money, which, supposedly at least, undergoes no depreciation with time nor loss by subdivision, which he can keep and accumulate or subdivide for whatever purposes in exchange he may be inclined to accomplish. In

this way money is a tremendous convenience; so much so, in fact, that its presence is one of the first essentials to specialization. Yet money itself does nothing. It is merely a certificate of value produced; it can produce no value.

While there are many minor points connected with our present supply of money which are intimately interwoven with and rely upon the distinctions which are emphasized in this volume, yet they need not be introduced into the argument. They stand, in relation to it, in the nature of incidental results, not causes. In the main, money stands as stated: as a mere certificate of value produced. Whenever and wherever money may appear to be itself active in the extraction of value from the producing classes, it is as a mere incidental tool in the hands of the bargainers. It would be well, indeed, if the people's supply of money might be removed from all influence of private interests. Yet if this were once done, while it would constitute a gain for the people, it would remove from the field of barter only one of industry's tools among ten thousand upon which barter is fastened; and the one, too, with which the barterers themselves least like to tamper. The alleviation of pressure thereby would be scarcely perceptible. This is the lesson needful to be learned by Mr. Bryan and the populists.

Value and Valuation. The primary factor in the exchange of value-produced for its money-equivalent is the relation between value and valuation. Value is expressible directly only in terms of life itself, or indirectly in terms of the goods which will support life. Valuation is measured in money: gold, we will assume. Gold is merely one commodity among many others, produced by labor and having its comparative valuation based, ultimately, upon the amount of exertion required to pro-

duce it. Thus, let it be supposed that some discovery, such as quartz-milling or a new goldfield, should suddenly halve the cost (measured in human exertion) of producing gold. Then immediately the prices of all other commodities and of labor would simultaneously be doubled. Their mutual comparative valuation (and all valuation is comparative) would remain unchanged; that of gold would have fallen. All prices (valuations expressed in terms of gold) would be doubled; but no life-supporting commodity would be harder to procure.

The Conservation of Economic Energy. *The aggregate value currently produced by a community is equal to the aggregate valuation currently distributed throughout its membership.*[1]

[1] This equation cannot be written mathematically, because we have no accepted unit for the measurement of life. Population is at present our only exact measure, and it omits all consideration of comparative worth of individuals. As to the basis upon which this last should be estimated, that belongs to the department of ethics, not of economics. Even there we have no unit of measurement, or rather, no means of applying it. The unit accepted by Christian philosophy is the unit of unselfishness: the degree to which a given life supports other life, in quantity and quality. But this is merely measuring life in terms of life, as we do length in terms of length: which was stated at the outset to be the only method possible. Moreover, it is very difficult to measure how far one life accomplishes the support of other life. Some of the best-intentioned lives not only fail to accomplish much in this direction, but they are actually, although unconsciously, destructive of other lives. On the other hand, some of the most effective work in the support of other lives is done by individuals and classes which are not now recognized as philanthropic, or even as being valuable to the community. Therefore, this equation between aggregate Value and Valuation is best left just as it stands: stated in words only.

It is the prime object of this part of the work to show how far our present economic system wanders astray from its sole reason for existence: the support of human life. For that purpose the life of any community, as it stands, will be taken as the basis from which to measure departures, without any further comment upon the comparative worth of different sorts of individual life. The life of the community itself, including its self-chosen ethical standards, is to be the temporarily unquestioned unit of measurement.

This law will be regarded as axiomatic. Its substantiation rests upon the law of the conservation of physical energy, of which it constitutes merely one special statement.

Although no statistical proof can be adduced to uphold this law, its foundation upon the principle of the natural conservation of energy being much more firm, yet it is often visible in actual commerce how rigidly aggregate value and aggregate valuation (aggregate purchasing-power) are linked together. Either may act as a cause, the other being limited thereby. Sometimes limited purchasing-power limits actual productivity; sometimes limited actual productivity limits purchasing-power. The first is true in hard times, when buyers cannot be found and "overproduction" is rife; the second is true in "boom" times, when workers enough cannot be found and business is hampered by delayed fulfillment of orders. In either case the two are equal.

Price. The outline analysis of industrial activities displayed on pages 142 and 143, including both Production on the one hand and Competition or Dissipation on the other, covers all of the different sorts of effort now contributive to the placing in the Consumer's hands of any finished commodity and to the determination of the price which he shall pay for it. Just as the Producer is the sole source of all Value created from the earth, so is the Consumer its sole destination for final absorption and dissipation into dust again. Therefore is the Consumer to be regarded as the sole source of that current of Money, useful as a certificate of Valuation but otherwise worthless for the support of human life, which flows in the opposite direction, from Consumer to Producer, to maintain a record of the life-giving current of Value flowing from Producer to Consumer. The price which the latter

pays for any article, then, must cover every item of all these many sorts of effort. He is the sole Patron of Industry. His money purchases the raw material, buys or hires the machinery with which to work it, hires the labor to operate it, employs the superintendent or employer to supervise the labor, and subsidizes the barterer to barter over it. There is no other possible source of Pay for all these things than he.

Therefore let it ever be remembered, when the *price* of anything in the open market be referred to, that it consists of *the summation of the costs of all of the items tabulated on pages* 142 *and* 143 *as making up respectively the two Divisions of the industrial body: Production and Competition, or Production and Dissipation.*

The inclusion of all of the items belonging to Division I is actively, though often obscurely, enforced by the operation of Natural Law, inflexible to the human will. The inclusion of all those belonging to Division II is actively, though often unconsciously, enforced by the operation of Human Law, which is variable at will.

The Money-Scale. The ratio existing between the aggregate Value and the aggregate Valuation in a given community will be called its *money-scale* of valuation. It is its valuation of human life expressed in money. The lowest terms to which it can be reduced are the daily income of the "average" man; but in this the word average covers such extremes of difference that it is scarcely a help to the understanding.

Into this ratio two factors enter:

(1) The average productivity of the individual, taken for the entire community. This factor is of use only in comparing one community with another. As it is our prime purpose to study only the internal anatomy of any given single community, in this case the American nation,

this factor will hereafter be neglected, as lying in the premises.

(2) The amount of Competition existing within the community; that is, the extent to which Division II appears in the community's activities. Since the Value is produced only by the Productive Division, while the distribution of Valuation takes place throughout all classes, it becomes immediately evident that

The aggregate current Valuation distributed in a community is to its aggregate current Value produced, distributed and consumed (which ratio constitutes its average Money-scale) as its total industrial and commercial effort (Division I plus Division II) is to its total productive effort (Division I alone).

To the elaboration and better understanding of this law return will be made after considering some further necessary definitions.

Purchasing-Power and Its Social Distribution

The aggregate Value currently produced by a community for its support, and thus made available for distribution amongst its several classes and individuals, is translated, before such distribution, into Valuation in money-form, by multiplication by the money-scale. It is in this form that each individual receives his current *income of purchasing-power.* It is because of this fact that he commonly looks too closely at the total fund of money available in a community, as a measure of its prosperity, instead of at the total fund of Value produced. But it is ever to be remembered that what supports life is Value only, and that the aggregate current production of Money-valuation may be swelled indefinitely, by increas-

ing the money-scale of average Price, yet will the community be not one whit better off; indeed, as will be seen later, it will be worse off.

To these several allotments of Valuation, or forms and sizes of current individual income, it is convenient to assign distinguishing names. This distinctive classification of sorts of income must naturally align itself with the classifications and distinctions already listed, of economic activity into Production and Competition and of psychic impulse into Emulation and Competition. Upon the same basis the total amount of Valuation currently distributed throughout the community naturally divides itself into two strongly contrasted divisions, namely *Wages* and *Dissipation.*

Wages. The income alloted to productive effort, whether by class or by individual, is to be called *wages.* The term includes, as well as what are ordinarily called wages, all salaries, when paid for pure superintendence or for professional work other than civil law, such as in education, journalism, histrionics, etc., and all professional and artists' fees, again excluding fees in civil law. It excludes what are ordinarily called wages when the latter are paid for assistance in any of the sorts of effort which have been already defined as competitive.

Dissipation. The income allotted to the bargaining division of society, as a unit, will be called *dissipation.*[2] Following the schedule of page 143, it is divisible into three several classes or portions, viz.:

(1) That won by the idle control of land-titles, in so far as they affect natural site only, to be called *rent.*

(2) That won by the idle control of the legal titles to

[2] The reasons for the choice of this term, and its further definition, will be found on pages 162 and following.

capital, called "securities," to be called *interest*. It includes all dividends and the so-called "rent" of buildings and land-improvements (which is excluded from the technical economic term rent), as well as what is commonly called interest.

(3) That won by barter pure and simple, active in exchange as contrasted with the idleness of landlordism and capitalism, to be known as *gross profit*.

Individuals engaged in active business and also having an owner's interest in the property involved in that business derive an income which is properly the sum of all three of these quite distinctive subdivisions, although to them it appears as a single net income. A man so situated insists upon receiving a greater return for his time than if he made the same exertion but owned no property in the business. He recognizes that he must be paid, in addition to the income won by current effort, the same sums which he would receive were his land and his capital borrowed for use in business by other parties. Or, obversely, he is not content to draw from his land and capital, while actively superintending their use, only that interest which borrowers would pay him while he remained idle; he must have from his business, in addition, the salary which he could earn by hiring out his efforts to others.

If, at the same time, he spends a portion of his time and strength in actually forwarding production, an accurate analysis of his income must also set apart one portion of it as pure wages, although he may receive his money quarterly, or even be paid no fixed periodic sum at all.

This illustration instances the frequency with which one man may occupy simultaneously three or four quite distinct economic classes, his activities in each having possibly the most unlike, or even quite opposite and incon-

sistent, effects upon the community. Yet of these fundamental distinctions he is usually quite unconscious. He may be accurately likened to the farmer who supposedly ran a dairy-farm too ignorantly or too carelessly. It will develop, as the argument proceeds, that certain of these forms of business-income just listed are, unconsciously to their promoters, as baneful to the community as are the dairyman's typhoid-germs, and should equally be exterminated by law. This does not mean, whether the individual be a dirty farmer, a grasping profit-seeker or a violent trades-unionist, that he himself is to be broadly condemned to extermination. Instead, his activities are to be sharply differentiated in the public mind, including his own, and the law and public opinion are to be so changed as to discourage the one and encourage the other, by an elimination of the institutions which have brought the destructive one into existence.

Gross Profit, Barter-cost and Net Profit. The gross profits, whether referred to the aggregate for the community or to those won in any single business, must be further divided into two contrasted portions, each of which is received by one of two contrasted subclasses of the general Division of the Barterers themselves, viz.:

(*a*) The heads or directors of the competitive organization, who either alone actually do the negotiating or at least monopolize the control and direction of it; and

(*b*) A host of assistants who would otherwise belong to the productive class, earning wages, but who, because their efforts are absorbed by barter, must become classed as bargainers. Thus, to illustrate, a printing-shop is ordinarily a productive establishment. But if we imagine its entire output to be absorbed, in the form of advertising-matter, by a captain of barter, the entire printing-organization, foreman and journeymen included, becomes

enlisted under his banner, aiding him to fight his battles with his competitors, and is therefore to be classed with the bargainers, although personally these men are entirely unconscious of conducting any negotiation. The same is true of nearly all stenographers, of the majority of book-keepers (those not engaged in shop-accountance of work actually done) and of all civil lawyers. Store-clerks and salesmen spend a large part of their time and effort in this class, by personally conducting negotiation upon a small scale or by having their time occupied by the efforts of purchasers to buy cheaply. Although they also perform the necessary and productive task of parceling out retail goods, yet a greater portion of such purchasers are accessory to negotiative effort than is at first apparent. The purchases are made in smaller quantity at a time and at a greater number of localities than would be the case were all goods known to be labeled with their true quality and at actual cost by an agent employed by all of the factories at once to represent them impartially to the buyer. Witness the dry-goods bargain-counter: three-quarters of the effort outside the counter, and its counterpart within, is wasted over the uncertainty as to just where may be had the most value for a given price.

The income of these assistants in barter is ordinarily known as a wage or a salary or a fee; yet in reality it is a share of the gross profits, and must be named as such. Therefore the gross profits are divisible into two portions, viz.:

(*a*) The income allotted to assistants at barter, to be known collectively as *barter-cost* and individually as *barter-wages;* and

(*b*) The remainder of the gross profits after the deduction of barter-cost, to be known as the *net-profits,* which are enjoyed by the true bargainer.

It will be noted that the terms " gross profits " and " net profits " possess in economic study a somewhat different, although parallel, significance from that given them in commercial life.

Income and Purchasing Power. Viewing the community as a unit, the distribution of wealth takes place under the following names, viz.:

(1) *Wages,* going to the active Producers of Value;

(2) *Rent,* going to the idle Owners of Sites;

(3) *Interest,* going to the idle Owners of Capital;

(4) *Barter-cost,* going to the active Assistants of the actual barterers; and

(5) *Net Profits,* going to the active Barterers themselves.

The last four of these sections combine to expand or inflate the aggregate Value which is created for the community by the Producers (or Section 1) alone, and which should naturally be exclusively their property, receivable as wages, into the aggregate Valuation which is distributed to the several classes and millions of individuals comprising all five Sections, or the entire community-income. The share of Valuation reaching each class or individual constitutes its *Income.*

The share of the aggregate Value available in the community for the support of life which this share of the aggregate Valuation, or income, will purchase constitutes the *purchasing-power* of the class or individual in question. That is to say, the aggregate Valuation of the community currently distributed in the form of wages, rent, interest, barter-cost and net profits brings about an exactly parallel and proportionate distribution of the aggregate Value or Life-support currently available; but in each case the latter is less than the former by the ratio existing between wages-plus-rent-plus-interest-plus-barter-cost-plus-

net-profits, on the one hand, and wages alone on the other. The Producers receive less than what they produced by this ratio, and the bargainers receive the remainder although having produced nothing at all.

The Economic-Biological Cycle.[3] It is the office of the human body to absorb material and spiritual energy in the form of food, warmth, education, inspiration, etc., and to develop therefrom, by transformation and distribution to the various organic centers, organic activity; and it is the office of this activity, under its own automatic mental and moral guidance, to develop from its natural environment a fresh supply of food, warmth, education, inspiration, etc., to take the place of that just consumed. Such a series of processes constitutes what is known, in scientific terminology, as an energetic cycle.

Since national life has now developed to a point where it is as impossible as it is undesirable for each individual organism to create literally what it consumes, thus completing the cycle within itself upon a necessarily minute and elementary scale, it has become the natural office of human society, of the body economic and politic, to distribute to the individuals needing it for reabsorption the aggregate supply of life-support currently created by the aggregate community of interactive individuals. To this task, indeed, is now devoted the major portion of the intellectual and nervous strength of the community. But the energetic cycle has thereby now become duplex. Upon the one side, the biologic is a most intricate series of organic processes whereby material energy is absorbed, transformed, distributed and rejected in the several forms of bodily energy: muscular, mental and nervous. This

[3] The matter under this heading will be of little interest to those who have made no study of the general science of energetics.

side of the cycle is of interest to the biologist and the psychologist, but not to us. On the other side, the economic, counterbalancing that just described, is an almost equally intricate series of economic processes whereby muscular, mental and nervous energy is absorbed, transformed into Value, distributed and rejected to the various individuals as material for the next cycle. It is this side of the cycle which constitutes our proper topic.

The Efficiency of the Economic Cycle. Under the law of the conservation of energy these two series must ever be currently equal to each other, except for any dissipation of energy into heat which may occur incidentally to the conduct of either. When such dissipation is absent the efficiency of the cycle will be unity. Otherwise it will be less. It can never be greater.

The form of energy which is absorbable by the human organism to the furtherance of life is Value. The potential energy absorbed in this form may or may not reappear as vital energy. If it all does so, the biological efficiency of the individual is perfect; if not, *biological dissipation* is present, either bodily, mental or moral. Such biological dissipation is solely an individual phenomenon. It can be remedied solely by forces acting through the individual, although they may originate and terminate anywhere.

The form of economic energy which this resultant biologic energy again throws back into the economic field may or may not be Value. If it is, the life-effort is Productive. If it is not, the life-effort is Competitive, or economically Dissipative. *Economic dissipation* is then present. Such dissipation is solely a social, and not an individual, phenomenon. *It can be remedied only by forces acting upon the institutional relations between man and man.* It is immune against all efforts directed through the individual alone.

When neither form of dissipation is present the four forms of energy, viz.:

(1) The Economic Value, potential for life, which is absorbed,

(2) The resultant Life,

(3) The Economic Value produced by that life, and

(4) The Valuation into which 3 is converted for distribution, as a prerequisite to its absorption again—must, under the law of the conservation of energy, all be equal. The efficiency of the cycle would then be perfect. The goods purchased with the aggregate or average income of valuation will support an amount of life equal to that consumed in their original production. Indeed, in all communities not stationary or in decadence they will support more. Biologic growth, entering between 1 and 2, brings in a coefficient much greater than unity. Men, as maple-trees, multiply and develop if properly fed. This is the root of all social health and community-growth.

Biological and Economic Dissipation. The processes which interfere with this perfection of efficiency of the cycle are these, viz.:

(1) Biological dissipation, occurring between Forms 1 and 3, through 2, of the above paragraph; and

(2) Economic dissipation, occurring between Forms 3 and 1, through 4.

Biological dissipation consists in the expenditure of purchasing-power for, and the consumption of, goods which do not develop a commensurate amount of *life-activity,* which may be available for the further equivalent production of value. Such is the case of the sick man who cannot assimilate his food, of the well man who buys whisky when he needs bread or who commissions a steam-yacht

for his health when what he needs is active outdoor exercise, such as ditching.[4]

Economic dissipation consists in the consumption of life in an activity which is not directed toward the creation of Value, but which is directed toward the annulment of other men's efforts. It consists in a transformation of a portion of the Value of Number 3 (page 161) into heat, by friction and impact, before it can reappear as the Value of Number 1. Such is the case with him who receives money for other effort in the economic field than productive effort, or for none at all. Such is the case with the capitalist class and with all bargainers and their assistants; for such is the nature of all of the activities classified under Division II in the exhibit of page 143.

In this case the dissipation of life is not so obvious as it is in the case of biological dissipation, though none the less true. It becomes distinct upon sufficient analysis. In this case, the one who produces nothing but the annulment of some other man's equal efforts in the opposite direction secures, by barter, some of the purchasing-power

[4] Herein is excellent illustration of the difference between Value and Valuation. Because of the life which went into the making of the whisky, which might otherwise have gone into the production of really useful commodities, it possesses a valuation equal to those commodities. But while their value, as life-supporters, might be considerable, the value of the whisky is almost zero. The same is true of the steam-yacht. Used properly, to serve the recreation of men and women truly in need of outdoor idleness, because wearied in the work of serving the world, it is a matter of value. Used as a means of distraction to a man overburdened with effort at amassing unenjoyable quantities of wealth and wearied with all the other distractions which money can buy, or as a means of display of wealth and power over other men, it is barren of life-promoting Value. But in either case it embodies Valuation, because it requires valuable effort to create and maintain it. The same is true of gold. It serves a real need of human existence, for the filling of teeth, etc., to just about the same proportion of its total production as does whisky as a medicine or the steam-yachts as health-givers; that is to say, to an insignificant degree. Yet it possesses a very high and stable valuation because of the very stable proportion of effort required to produce it.

developed by the effort of the producer. Therefore, that value properly belonging to one individual, and commensurate, according to biological equilibrium, with his natural individual productive and consumptive power, is now divided between two or three individuals. Ergo, neither portion can be commensurate with the life which commands it.

If, as is the case in actual life, one individual enabled by barter to exist without productive effort draws upon some nine others,—producers,—for contributions to his income, the former's purchasing-power may considerably exceed theirs in amount. For example, following figures as nearly representative of current fact as present knowledge enables, let it be supposed that the aggregate productive power of the nine producers be, say, 900, or an average of 100 apiece, their individual productivities ranging anywhere from 50 to 500 apiece. Suppose that the tenth man, by barter, secures from each of them two-thirds of this, or an aggregate of 600. Then would their purchasing-power be one-third of their productive power, or an average of 33 (ranging from 17 to 167) apiece; while his, at 600, is eighteen times as great.

It is because this obscure economic dissipation is an instance of the dissipation of life into nothingness, quite as much as is the more familiar and obvious biological dissipation, that all of the activity expended or latent in competition has been styled Dissipation. In both cases life, time and effort are expended in a direction thought to be productive of value, but which is not. In the first case it was in the manufacture of whisky, which men think they need when they do not; in the second case it was in the promotion of sales or prices, in the collection of rent or interest,—in short, in barter,—which men think is a necessary part of the conduct of economic life, when it is not.

In their economic aspects the two sorts of dissipation are exactly alike: each directly wastes life by expending it in useless effort; each indirectly leads to a much greater ethical loss as a sequel. But because the first sort of dissipation is already well covered with a full literature of analysis and statistics, attention will here be reserved, in our use of the word, to economic dissipation only.

It is important to note that in the case of economic dissipation, whether through the medium of barter or of the idle extraction of interest or rent, the dissipation occurs when the time and effort are expended in the bargaining (when the latter is active), or when it is expended in the making of the goods purchasable by the interest-money when the barter is of the idle form.

No later act can ever recall that waste. The money won by the barter may be spent in further moral dissipation, in riotous living, demoralizing to the community by its example; or it may be spent in leading an exemplary commercial life, elevating to the community by its example. Yet to the economics of the community there is no difference between the two; in each case productive effort is expended without returning to its originator the value of his production.

Again, the money won by the barter may be hoarded into colossal fortunes, involving further dissipation of life in the squeezing of interest-payments out of the producers, or it may be spent for steam-yachts or libraries. Here there is a difference, between whether the second, later phenomenon of dissipation shall occur or not; but it is not one which can ever hope to cancel the dissipation involved in the original barter.

The popular fallacy that it makes no difference to the material welfare of the community how a man gets his money so long as he spends it again, " keeping it in circula-

tion," cannot be too deeply condemned. Futile activity does no one any good. The money he returns to the community will not support it. It is what it will buy. And his activity in securing this money, to be poured through his hands without feeding him into productive activity, has not increased by one atom the supply of purchasable goods. It has increased, on the other hand, the money-scale, the inflation of the average price of a given amount of life-supporting Value, and has decreased the purchasing-power of every dollar throughout the land. The men whom he hires to build him his steam-yachts and palatial "cottages" are apparently better off in having employment when otherwise they might be idle; but their fellows all over the land are losing every dollar that they gain, and more, by the method of their employment. It will become plain, indeed, that the only reason why any man has grounds for being grateful for the privilege of employment is that barter takes place in the land and robs his neighbor of that privilege.

The Efficiency of the Industrial Body. From these considerations, that Division 1 of the Industrial Body alone operates to its support while Division 2 joins with Division 1 in consuming what the latter produces, the accurate statement of the efficiency of the Body, as a unit and *as a method of organization,*—with no reference whatever to the intellectual, moral or muscular efficiency of its individual members, but taking these as the starting-point and considering the Industrial Body as a machine in which these individuals are either properly or improperly related to each other,—is obvious.

The efficiency of the industrial organization of a community is the total activity effective in Production of Value divided by the total activity of the entire industrial organization visible in Income of Valuation.

The efficiency of organization of an industrial body may be further defined as *the proportion between the Value actually produced and that which would be produced were all prices settled by rational, central-office methods instead of by barter.* These two definitions will be found to be synonymous with each other and with the ratio of Wages-divided-by-Total-Valuation mentioned on page 153.

The Dissipative Activity Greater than the Dissipative Population. It has been pointed out that the rewards won by barter, per unit of time or exertion, are far superior to those remaining to production, and that in natural equilibrium they must remain so; in fact, that the lion's share goes to the barterer, the producer getting only enough to persuade him to continue production. Therefore the individuals who are attracted from the field of production into that of barter include some of the ablest in the land. The ability which they possess is always of a combative, coercive sort, whereas the more purely creative ability seeks the arts and professions; but it is nevertheless ability. This fact is to be remembered in connection with the illustration given on page 163. It is altogether probable that the purchasing-power which the barterer is there supposed to accumulate is considerably below his natural productive power, which last can be brought out only when he alters from his antagonism to the nine, in barter, to coöperation with them in production. Whereas he wins 600 by barter he could probably produce 900 if there were no barter. But in any event it is fair to assume that his latent productivity is at least equal to 600. Had it been developed by conserved freedom of exchange the aggregate for the ten of them would have been 900 plus 600, or 1500, an average of 150 apiece—as contrasted with an average of 90 apiece for the entire community, or 33 apiece for the producers, under barter. Had the purchas-

ing-power been allotted to each in equality with his production, as is only just, the nine would have averaged 100 apiece, while the tenth would have received his 600.

This gain of two-thirds in average individual wealth, it is to be especially noted, is accomplished by the transfer from Division 2 to Division 1 of only one-tenth of the population; but it carries with it four-tenths of the total productivity, or more. In other words, with coöperation substituted for competition in any community, including no allowance for the increase in average individual productivity properly to be expected from production on a larger scale, the better sustenance and hope of the operative, etc., etc., *but considering only the metamorphosis of barterers into producers,* it is certain that the latter would be very much the gainers and the former in no sense the losers by the change.

So far as any difficulty of a single personality's assuming either rôle is concerned, this metamorphosis is one now undertaken by a large proportion of our smaller manufacturers and business men from one to a dozen times each day. They change occupations, from producer to barterer and back again, each hour, and are all unconscious of the transformation. The psychological problem of accomplishing it, therefore, does not exist. That the material is there, ready for the supposititious permanent change, is a matter of the most cursory observation.

The biggest men of any industrial community are universally to be found in the ranks of its barterers. Their incomes are bigger even than they. While it is common for the incomes of the barterers to range from one-half to one, or even seven millions per year, it is the exceptional professional man who can secure fifty to one hundred thousand, or even ten thousand. To the chief administrator of our national affairs we allot the former figure.

The average income of the producers is about four hundred per year.

The Fundamental Law of Distribution

Purchasing-Power. According to the Law of the Conservation of Energy, purchasing-power (or Valuation) may never arise except as the equivalent of a preceding production of Value (see page 153). This aggregate Value suffers translation into Valuation before distribution, however, by multiplication by the *money-scale,* which was defined (pages 152-153) as the proportion of total to productive activity. Therefore, so long as any competitive or non-productive effort whatever exists, so long as Division 2 possesses any magnitude whatever, this multiplier will be greater than unity and the translation of Value into Valuation will constitute an inflation. That is, if one-half of the total effort of the community be expended in competition, for instance, then all prices are necessarily, on an average, just twice the true value of the goods. A given purchasing-power will return to the spender just one-half the life-support which it cost, which it ought to return and which it would were there no barter present.

Looking at this same point from the opposite direction, —for it is all-important that it be clearly grasped,—the aggregate productivity is just one-half of what it might be were all existent activity directed into the productive division of society. Therefore the aggregate purchasing-power of the community will purchase just one-half of its own natural productivity. In other words, the average individual income will purchase only one-half of the average individual's productivity—which is the average actual production per individual. In brief:

So long as any competition whatever takes place, the purchasing-power of the entire community must be less than its natural producing-power by the proportion of that competitive to the remaining productive effort.[5]

Demand and Consumption. It is difficult to bring clearly before the mind the importance of this conclusion in its bearing upon our common views of economic relationship. To the average man it stands as axiomatic that trade needs to be stimulated or else it would not exist, that

5 This fact may be more clear if restated in mathematical terms:

Let the total industrial activity of the land be T and the portions of it which are directed into productive and competitive channels, respectively, be C and P. Then

$$C + P = T \quad . \quad . \quad . \quad (1)$$

Let t be the market-price of the aggregate commodities created by the industrial body, let p be the natural price, or productive cost, of the same and let c be the cost of competition thereover, or the inflation of their value into their valuation. Then

$$c + p = t \quad . \quad . \quad . \quad (2)$$

Further,

$$C : c = P : p = T : t \quad . \quad . \quad (3)$$

C, P and T are quantities of vital activity, for which we have no units of measurement; c, p and t are quantities of valuation and are measurable in money.

From Equations (2) and (3) is derived

$$\frac{p}{t} = 1 - \frac{c}{t} = 1 - \frac{C}{T} \quad . \quad . \quad (4)$$

But in any community where exchange is operated, under the protection of law, at perfect efficiency, the relation of purchasing to producing power must be that which would prevail in a community where there were no necessity for exchange, where each man consumed exactly what he produced, namely, unity. Since, under exchange, the purchasing-power varies inversely as the market-price, other things being equal, it may be said from Equation (4) that the dependency of purchasing-power upon the volume of competition may be stated as a direct proportionality to the quantity. $1 - \frac{C}{T}$

the volume of trade depends upon the whim of the purchaser, that overproduction exists because it exceeds the natural, biologic ability of the community to absorb and consume; that, nevertheless, there is no limit to the demand for labor, so that any person really desiring employment can find it; and finally, that every man needs artificial stimulation to labor or else he will be idle, for obviously if he is idle it is because he wishes to be. That these several doctrines are not only hopelessly inconsistent with each other, but are almost the direct opposite of the natural facts, it is a simple matter to demonstrate. In the inverse relationship of volume of purchasing-power to volume of competition which has just been proven we are equipped for the first time, however, with the necessary means.

The first step in this demonstration is to call attention to the more than obvious, to the insistent, fact that to human desire, to purely biologic demand, there is no limit. There is no limit, visible or imaginable, to the human consumption of goods. Of any one commodity, to be sure, there is a natural limit to consumption per capita. But let surfeit in this one line be only just attained and there is already upon its heels a hunger for what was before not thought of. What was luxury, perhaps only dreamed of, yesterday, is to-day a matter of current consumption. To-morrow it will be an absolute necessity.

This is current growth. It is absolutely wholesome. Not only is the worth of a people not measured by the extent of its "economy," its "thrift," its parsimony; it is measured by the exact opposite—by the amount of wholesome commodities which it is able to procure and consume. That people is the strongest which absorbs the most.

There is undoubtedly such a thing as unwholesome indi-

vidual appetite: sometimes exaggerated to gluttony and extravagance; sometimes perverted into an appetite for destructive things, such as opium or strong drink. But in every case it proves, upon investigation, to be merely the natural appetite diverted and distorted by unwholesome forces which are wholly extraneous to the question of appetite itself.

Another condition which must accompany this statement is that the appetite, in order to be wholesome, must create what it consumes. In our present organization of society this is often far from true. In a minority at the top gratification is out of all proportion over and above the necessity for creative exertion. In a majority at the bottom the necessity for creative exertion is out of all proportion over and above the opportunity for gratification. Appetite is in the first case overfed and under-exercised. In the latter case it is underfed and repressed, and repressed life always becomes deformed.

The criterion of individual worth to the community is a hearty, unlimited appetite for all things good: an appetite won from a hard day's work behind one—fed the day before with a square meal, of bodily, mental and spiritual pabulum, and looking forward to the same to-day and to-morrow. Such an appetite means vigor of life. Vigor undertakes and performs tasks without the whip, without hire, without persuasion, without allotment even. It makes work for itself, and breaks it, for mere joy of working. A man who does not desire and enjoy work is just as sick, just as properly a public burden, as he who does not desire his dinner and, after that, all other things which he can procure by wholesome exertion and without robbery of other people.

It is the prime business of the motor-nerves, too, to lead us to seek the things which appetite desires. We do not

need to be begged to buy shoes when barefoot, nor to seek food when hungry. Natural impulse leads us to do those things. If there were not an advertisement issued, not a soliciting salesman in the land, all of the current purchase and consumption of standard articles would continue. Only novelties would need to be announced, and then merely in a passive way, bulletin-fashion, in any publicly understood method and locality, as of new books in the book reviews, or by mere display in the single bazaar which would then replace the present bewildering plurality. But the bulk of all advertising, on the other hand, is concentrated not upon the novelties of any real Value,—not mere catch-pennies,—which "sell themselves," but upon the staple commodities. There are no fields in which advertising is more frantic or competitive introduction more vehement, than in the staple commodities: foodstuffs, clothing, soap, steel, house-lots, etc., of which there could be no possible need of enticing consumption *except that the purchasing-power is limited to less than what is offered and that an artificial reward profit is attached to its enticement in one direction rather than another.*

This is the prime fact of the situation: that the limit of human consumption, and therefore of economic demand, of volume of trade, of factory-activity and of the market for labor, is not at all dependent upon any factor of biologic desire, individual whim or personal will, all of which possess no limits whatever, but upon the purely economic factor of *purchasing-power.* And while there is room for endless argument as to the ability of the individual will to affect the purchasing-power of one individual as compared with another, there is no chance whatever for argument as to his ability to control the *total* purchasing-power, by means of either advertising or solicitation. For if any individual, with the help of any purely biologic

factor within himself whatever, should succeed in expanding his vital activity, skill, endurance, etc., with the object of thus expanding his purchasing-power, he expands simultaneously his and the community's potentiality for productive power. If he direct his new activity into productive lines, he expands both the purchasing-power and the productive power of the community equally. If he direct it into competitive lines, he may expand his own purchasing-power, at the expense of others, but he has left untouched the total volume of purchasing-power and therefore the economically limited volume of production.

The important conclusion to be drawn from this argument is that the present existing and universally accepted fact that there should always be more sellers than buyers and more laborers than vacancies, with the seller and the laborer always maintaining a natural attitude of solicitation, is a purely unnatural and artificial situation; indeed, that it is quite the reverse of the natural. Naturally, exchange should be sought solely by the buyer, who alone proposes to enjoy the subsequent consumption of the goods. Similarly, the employer should seek the chance to employ his man, with the same avidity and partial lack of success as we each of us seek time and strength for doing what we ourselves desire to do. The sole reason why this is not so to-day is the presence of an enormous volume of competitve effort in the community. This presence exerts a twofold evil effect upon the atmosphere of both trade and employment. In trade it (*a*) accompanies the privilege of trade with the privilege of taxing the trader, and (*b*) reduces the volume of purchasing-power. Both processes lead to the crowding of men into trade, as preferable to labor, and to their frantic jostling of each other to secure to themselves and away from the others the limited field for exchange. It likewise operates, in em-

ployment, (*a*) to accompany the privilege of employing others with the privilege of retaining a portion of their productivity, and (*b*) to the restriction of the volume of manufactures to less than the available volume of productive labor. Therefore the cool indifference of the buyer, and the struggle of the seller to secure his favor, find complete counterpart in the cool indifference of the employer to the string of applicants for work which he finds at his door each morning and in the struggle of the laborers to secure the limited opportunity open to them.

Since the demand for labor in the factories depends solely and directly upon the volume of exchange currently effected with the ultimate consumer in the retail shops, it is sufficient to discuss the latter alone, as covering both. To this end it is important to scrutinize carefully the nature of the efforts of the barterers in their desire to "promote trade." Upon examination it appears that their aim is by no means to swell the total volume of trade. Instead, it is to divert what volume already exists into their own market, in preference to having it pass through some other barterer's hands. Indeed, their constant effort is to restrain trade—to restrain the trade of their competitors. For the total volume of trade they care only this much, that plainly the less the permitted volume of exchange the higher are prices, and the higher are prices the greater are their profits. The *proportion* of the total volume which passes their way is all they care for. If their absolute quantity has remained constant while its proportion to the whole increases, because the total volume has decreased, they are the winners thereby; for they are making greater profits from the higher prices while called upon to do no more work in the way of handling goods.

In the offering of money-reward in the form of profit for the prosecution of competition, the public is maintain-

ing a policy which could naturally result only in just these results, and no others. That the barterers respond to it with prodigious effort at the elevation of prices, the restriction of output, the control of the labor-market and the long list of other things which the public does not want done which constitute the present industrial problem, is the fault of the public and not of the barterers. Until it learns this fact there is no hope of remedy for the situation. It must learn that if it wishes prices kept down it must adopt a policy which sends the greatest rewards to him who lowers prices, instead of to him who raises them. If it wishes purchasing-power, volume of trade and demand for labor, to increase, it must first reduce the volume of the only thing which restricts these items below their natural limit, namely: the volume of competition. As the first and most essential step in the public's learning this lesson, it will be repeated that *the sole limitation to the gratification of spontaneous desire for all things and especially for novelties, the sole factor in determining the total volume of trade, is, not desire, but* PURCHASING-POWER, *and that the one thing which limits purchasing power, by inflating the money-scale, is* COMPETITION. It is only because barter exists, constituting economic dissipation, scattering to the winds the economic power of the individual, that any effort is needed to dispose of goods. There is no such thing, in a natural sense, as the "overproduction" of which so much complaint is commonly heard. The prime actual fact is "underpurchasing-power," is a purchasing-power artificially limited by the presence of barter,—by the barter-cost of that very advertising or similar effort which seeks to promote purchase,—below natural desire and below natural productivity. Thus does barter feed upon and block Exchange, that natural circulation between production and consump-

tion which it apparently is its sole blundering aim to promote.

The Labor Market. The second broad conclusion to be drawn from this limitation of purchasing-power by the presence of barter, and one of even greater importance to the community, is this:

The demand for productive labor is less than the supply; each opportunity for its exertion becomes the center of competitive search by the producers, just as each opportunity for a sale is a prize to the sellers. The man seeks the chance to work, instead of, as alone is natural, his exercising a choice between several opportunities, between several sorts of work, each of which seeks the man to do it,—choosing the sort which he can really do the best.

It will be immediately replied to this, by all those who have engaged in the employment of labor, that the latter is now the case, that employers are in constant difficulty in attempting to find men able to do a certain grade of work as they wish it done. This is undoubtedly true. It is a broad fact which splendidly upholds the present analysis. For this ungratified search for the right man is always limited by a factor which does not find such enthusiastic promulgation at the hands of the employer as does his dissatisfaction with his employees; of the existence of which, indeed, to its full import, he is unconscious, viz.: *that the purchasing-power which rewards the work is just about one-third of that naturally accompanying the class of productivity which he desires.* For the wages paid is the Value produced by the workman, *paid to him in the form of its Money-valuation.* Because of the general dissipation by barter throughout the land, and not because of the workman's individual employer, his pay becomes divided by three when, in his purchases in the

open market, he translates it from Money-valuation back into material, life-supporting Value of commodities.

It is of course not to be said that the employer could arbitrarily multiply his wages to each man by three, so as to counteract this lapse from the natural, if he only would. It has already been barely stated, and it will be often emphasized hereafter, that the employer, because of his competition with his fellows, is stripped of all surplus income and opportunity, under the same sort, if not the same degree, of pressure as is the laborer. Because the employer's life is upon a generally more comfortable plane than that of his employees it is incidentally true that he might raise wages somewhat if he chose. But it would amount to little for each man, nor would it be permanently effective. What is referred to here is quite a different matter: that the wages accorded to any position open for applicants will buy in the open market, because of the inflated Money-scale, only one-third of what they naturally ought and otherwise would if the inflation were absent. The inflation referred to here is that of prices due to adding to the cost of production the cost of barter. And this inflation is due not to what any individual employer abstracts from his own employees, but to the value currently dissipated throughout the entire land by the presence of barter, conducted by all the employers and capitalists together, in connection with all commodities sold. Therefore the obstacle against which the employer is wearing himself out, in attempting to obtain suitable labor, is not a lack of producers; each advertisement brings six applicants for one opportunity. It is against the fundamental law of the parasite Barter that he is fretting: that it leaves in the producer's hands, through the employer as its agent, only sufficient income to maintain life in a stationary, or very nearly stationary, position, without progress in in-

telligence or vim to the degree which the country, including the employer, would gladly have him possess.

From all of these considerations does it appear that seller, laborer and employer are alike seeking that which is not to be found: the wasted opportunity brought back to life. For the opportunity to buy and consume, the opportunity to work and earn and the opportunity to pay wages high enough to attract intelligence and ability, were alike lost to the community, in their greater proportion, when Barter arose to its present enormous dimensions, under modern, and especially American, political and geographical liberty, to eat the heart out of natural, free exchange between man and man.

The Second Law of Distribution

Dissipation. *Economic Dissipation, taken as an aggregate, always tends to the maximum bearable by Production.*

This law holds true of either of the subdivisions of Dissipation: Rent, Interest, Gross Profits, Barter-cost and Net Profits, except as they interfere with and counterbalance each other in their parallel growth. In general, excepting barter-cost, they tend to increase equally.

The truth of this law, if not already axiomatic from what has been seen of the elementary nature of barter, becomes further evident, by inspection, upon two counts:

(1) The gain allotted to effort in barter, per unit of time, is very much greater than that allotted to productive labor. This leads to constant influx of population into the competitive from the productive walks of life. This is one of the two great forces back of that growth of the

city which has so markedly characterized the last half-century. The country districts are naturally confined mostly to productive effort. The cities, particularly the largest ones, while they also compass much productive effort, are the shelters of the greater part of all barter. Production, involving only the man, the soil, the tools and natural forces, can be carried on in comparative isolation. It is not only our agriculture and mining that are scattered over the breadth of the land, but our factories as well, dotting the maps with minor towns and cities whose population is almost exclusively productive. But each factory has its New York or Chicago office, and usually no business can get to or from the factory except through these centers of competition. Barter, on the other hand, involving solely the relations between man and man, can be carried on, at its best, only where the population is congested into the closest possible contact, for the maximum ease of intercommunication.

(2) In barter the gain is not limited to proportionality to the period of exertion, as it is in productive effort. Whereas no amount of skill, in a given state of the arts and excluding inborn genius, can exalt the income of a producer beyond a certain fairly well-defined point, there seems to be no limit yet visible to the capacity of a barterer for acquiring wealth per unit of time.

(3) The power of the barterer over the producer increases in geometric ratio to his success. Thus, a man possessing capitalism to the amount of $10,000 will receive a certain current percentage from using it in barter, and with a certain degree of uncertainty attached; a man in the same line of business to the amount of $10,000,000 (or to the same proportion of actual value of property) will make his securities earn more per dollar and will be much more certain of the continuance of his income than

will the first. This is not the day of the small capitalist nor of the minority stockholder.

That is to say, the average income of each individual bargainer tends to increase, as well as does the number of bargainers.

Wages. The second law, stated in terms of Production, instead of Dissipation, runs as follows:

Wages, taken as an aggregate, always tend to the minimum bearable by Production.

That is, since wages = Value-production minus Dissipation-by-Barter, as the latter tends uniformly to increase, as a proportion of the whole, wages must similarly tend to proportional decrease. This does not necessarily mean that the *wage-rate* is on the decrease. The wages paid in dollars and cents include four distinct factors, which must all be considered before any indication can be had as to the welfare of the recipient, viz.: (*a*) the *wage-rate;* (*b*) the proportional *time of employment* to the total time; (*c*) the *average price* of commodities; (*d*) the *scale of the productive arts* and of life in general at the period and locality in question. Each of these factors varies constantly. Each has had a whole literature devoted to its details. To none of them need any space be given here. Our argument is a blanket one. The welfare of the individual depends solely upon his income of Value and its relation to that enjoyed by his neighbors; he cares nothing about its valuation in dead dollars and cents. And if a steadily increasing proportion of the community's current product of Value goes to Barter, a steadily decreasing proportion must be left available for Wages.

There are two prime forces influencing the average wage-value. One of these is the aggregate productivity of the wage-earners of the community. The other is the aggregate volume of barter in the land. According to the

Second Law, this latter factor always exerts a downward pressure. Whether it be sufficient in power to countervail the forces tending to expand productivity, to the development of a current net decrease in wages, is not the question before us. The law merely states that the presence of barter always acts to make wages *less than they otherwise would be,* and as much less as the producer can stand.

Natural Growth vs. Artificial Degeneration. —It is properly to be pointed out, however, that the sole force which tends to elevate wages is biological and technical growth. The struggle between the two forces in their determination of resultant equilibrium, therefore, is one of money-seeking-protected-by-law against life. It will be developed, as we proceed, that while the net result of the contest, for the entire community, is and must be slow progress, as of a tug-of-war, yet for a certain large, though minor, fraction of the community it must always mean retrogression and degeneration.

The Wage-System. This law of wage-depression by Barter also holds true for all the subdivisions of wages, into professional fees, salaries and payrolls, down to the individual wage-income, except as each tends to counterbalance the other. In general, they all tend to decrease equally. The doctors and the artists are packed into the same box, and under the same pressure, for all that they lie in the upper layers, as are the mechanics and the laborers.

The truth of this law is evident in two directions:

(1) *In the Competitive-wage System.*—This system, coupled with the fact that there are always more laborers than opportunities to labor, enforces the law in regard to individuals. Each individual, in securing a job, is forced to accept it at the lowest possible income upon which he

can survive, reproduce and maintain his level in society and in economic efficiency.

(2) *In the Dependence of the Factory upon the City-office.*—Viewing class-aggregates, the bargaining division holds the complete advantage over the producer-division. Labor to-day, unless it can find access to land, tools and exchange,—that is, to capital and a market,—is as helpless for its own support as if every muscle were paralyzed. There was a time when an alternative was open to it, when it could choose between specialization, adopting machine-methods, on the one hand, and hand-trade distributed over several trades on the other. Then barter could exact, for the privileges of exchange, only the bulk of the superiority of specialization with tools over Jack-at-all-trades hand-production, but no more. Now this limit has almost entirely disappeared. The superiority of the factory-method is so great as to have entirely displaced the other. The producer attempting to cling to hand-methods covering the bulk of even his bare needs: food, clothes and shelter, as did our grandparents, or to hand-make any one of these needs and market his product unaided, would literally starve.

That the limit is still there, although almost invisible, and that barter, in its avarice, still presses the working-people hard against it, is evident from the sporadic survival of tenement, sweatshop and household industries in the face of the far superior factory-methods. But even these are helpless in the hands of the professional bargainers when it comes to marketing their goods. They suffer as much then, in the exactions of the sweater, as does the factory-hand, at an earlier stage in production, in paying his interest upon factory-capitalization. The whole phenomenon is of interest more as a relic of the past: a superannuated provision against the grasp of

avarice, an ancient but now ruined wall against the barbarian, than it is as a thing of any modern effectiveness for the amelioration of labor's lot.

With every advance of the arts and sciences, introducing automatic machine labor-savers where before individual effort was relied upon, correlating industries which before were independent, the ascendency of the factory-method over hand-production becomes more complete and irrevocable. With each such step in advance the Producer and Consumer alike become one degree more helpless in the hands of Barter. All modern complex machine-methods, the attainments of self-devoted students and inventors, aimed at the liberation of mankind from toil, only succeed therefore (in so far as Barter can prevail against Humanity) in riveting additional chains upon the suffering millions. There is progress upwards, because the growth both of mere numbers and of ethical standards compels it; but it is made, every inch of it, against the stoutest resistance which grasping, self-feeding, parasitical Barter can maintain. (See Fig. 12*a*, p. 257.)

It is chiefly these advances in machine-methods, which have been more rapid during the past fifty years than ever before, coupled with the material conquest of the continent and the abolition of slavery, which have sown the seed and freed the ground for such a growth of Barter during that time as economic history has never before recorded. This phenomenal growth will mark this present period, in the centuries to come, not as the age of steam, nor of steel, nor of electricity: those are all yet to come, in their fullness; but as the age of Barter, for that is soon to go, to drop away into the traditions of the ages, along with superstition, slavery and the feudal system, as the chief heraldic emblem of a luxurious and bewildering, but brutal and barbaric, nineteenth century.

The Producing Division Subdivided

The Starvation-Wage. A restatement of the First Law of Distribution, in the form of the "First Law of Wages," may be made in the following form:

In each class or level of productive effort, as a result of internal competition for the opportunity to labor, the majority of its individuals are led to accept the least income upon which they can succeed in surviving, reproducing and maintaining their social and economic level. This income is known as THE STARVATION-WAGE *for that class.*

The word starvation is used here in a technical sense. That it may not, in some levels of industry, become literally true, is not to be urged; for it certainly does become so. But on the other hand, in the majority of the more skilled grades of industry the term is properly to be interpreted in connection with the words "maintaining their social and economical level." The starvation-wage may thus be, in certain classes, $1000, or even $5000, per year, as well as the few hundreds which applies to the unskilled classes. A given skill in industry always demands, in biological equilibrium, a certain corresponding scale of life in other lines. No man's family can live in a two-room tenement and he continue long to earn the same wages as if they lived in his own modest house and lot. If a producer be forced to abandon his social pride and self-respect he abandons with it his ambition, intelligence, energy and skill.

The Prosperous Producers. *In each such class or level of productive effort there is a minority who receive more than the starvation-wage.*

These are the ones especially favored in parentage or in opportunity. As an immediate result of their margin

of productivity over necessary consumption, they are engaged in growth. One or two generations later will see the family pass out of that economic level into a higher one; where they may then be receiving the starvation-wage, indeed, but in a class where it possesses a much more comfortable significance than before. This growth diminishes the number above the starvation-wage in the lower class and swells the ranks of the starvation-wage in the upper class. This is why the proportion above the starvation-wage in any class always tends to a minimum, and is, at its greatest, always a minority.

The Unemployed. The fact that the aggregate purchasing-power of the community is always less than its aggregate productivity (see page 169), leads to the "Second Law of Wages," viz.:

In each such class or level of productive effort there must be another minority receiving LESS *than the starvation-wage, which they would be glad to get if they could. These individuals are, more or less completely, enforcedly idle.*

The Submerged Tenth. *In the lowest level of productive effort, that of unskilled labor, the Unemployed constitute* THE SUBMERGED TENTH.

Unemployment a Function of Barter, or Competition. The primary proof of the existence of this claim is the deficit in purchasing-power below productivity, which was elaborated upon pages 169 and 170. It enables the following law to be added directly to the preceding:

The average proportion of Enforcedly Idle in the several classes of industry, or of the Submerged Tenth to the total population, is a direct function of the proportion prevailing between Competitive and Total Economic effort.

This function is not a simple proportion. It is one too

complex for quantitative establishment at present. But the line of forces which produce it: Barter abstracting energy and ability from the ranks of Production; the consequent deficit in aggregate Purchasing-Power below Productivity; the synonymous current surplus of Productivity over Market Demand—all show the characteristic inevitableness of a chain of cause and effect.

The Futility of Statistical Argument. To attempt to prove or disprove these things by statistics is futile, though statistics may throw much light upon them. To make such attempt were like pouring a barrel of water into the Hudson River at Albany and attempting to prove, by gauging the flow at New York, that a barrel of water more than usual went into the sea. Nevertheless we know absolutely that water is indestructible and that the pouring of any quantity into the river at Albany, other things being unchanged, must increase by like amount the flow at New York. Similarly we know absolutely that nothing will produce value, life-support and purchasing-power except productive effort; that for each atom of activity which climbs, seeking Success, from productive, wage-earning levels into non-productive, profit-earning, competitive fields an equivalent atom of life is depressed from productive, wage-earning, self-sustaining levels into the non-productive, pauperized level of Enforced Idleness, that equilibrium may be maintained. As the principle of the Conservation of Matter declares the truth in the flow of water, so the principle of the Conservation of Economic Energy enlightens the case of the Profit-maker and the Submerged Tenth. Human life is drawn into these non-productive extremes, against humanity, conscience and all higher ideals, as water is drawn into the clouds and into the depths of the sea: by the inflated life of illumined ease at the top, by the quiescent irrespon-

sibility in the darkened depths. It is axiomatic that nothing will alter this phenomenon except the reversal of this temporary and artificial force of gravitation and the award of the material prizes of life to the productive effort which creates them, and the allotment of nothing, of mere want and humiliation, instead of inflated money-command of men, to the competitive effort which wastes them; that, until this be done, to try to employ the unemployed is as trying to pump out the sea.

The Irrelevance of Psychic Forces.—Nor can the situation be at all enlightened by any inquiry as to whether or not any individual among the unemployed *desires* employment. When they first lose it they do, of course. But after a certain amount of futile wandering in search of work the natural desire to work dies out. The man becomes a tramp and the woman the same, though we call her a worse name. Desire for or against work has something to do with which individual is chosen for idleness. It has nothing whatever to do with the number force-drafted into its ranks. It is as if a regiment were to be selected from a community according to shortness of stature: thick soles to one's shoes might avail to keep some man out; but it would inevitably force in another who otherwise would have gone free. The pressure of barter, crowding down upon purchasing power, is arrested only by a counter-pressure of life refusing to die. A certain volume of life, engaged in this slow process, must be currently in existence, as a public burden in almshouse, prison, asylum or slum, in consequence. Whether its resistance be voiced intelligibly, as from the laborer seeking hire, or more obscurely, as from the constant menace to public security latent in the tramp, the footpad and the grafter, makes no difference to the limitation of aggressive barter. The prime point is this:

that Barter, in its strenuous keenness, insists ever that the resistance shall be stout, or it will bear it still further down. It is only industrial idleness, coupled either with fresh diligence and organization when recently imposed, or with hardened violence when older and grown callous, —the idleness of organized labor or that of the desperate criminal,—that may constitute a substratum of life sufficiently compacted to hold Barter up and keep it at bay.[6]

The Dilution of Enforced Idleness. Nor must all of this volume of idleness be expected to appear in the form of a population each member of which does nothing at all. They nearly all do a little, during a part of the time. Some do nearly as much as will earn the starvation-wage. But they are all below it, slowly starving—usually under more comfortable names: such as consumption, infantile colic, etc.[7] It is this modern question of

[6] A university professor is reported by the *Search-Light* as having studied the tramp-question in England by interviewing some 2000 wandering beggars as to why they did not support themselves by work. Willingness to work but inability to find employment was expressed by 653, or 32 per cent., of them; the answers of 445 were vague; 301 expressed the opinion that "no one ought to be obliged to work, but if some fools did so they [the vagrants] were justified in living on them"; 407 alleged plans for procuring work at certain far-off localities; the remaining 194 were living in hope until their relatives should die and leave them money. As a study in psychology these statistics are probably reliable and of value. They show the proportion of those who are still honestly seeking employment as one-third of the whole, while those who have been degenerated by the enforced idleness or other causes into indifference constitute the remaining two-thirds. But as an indication of the true cause of economic idleness they are absolutely worthless. No sane man would think of approaching these two thousand unfortunate individuals as a source of reliable information upon any other topic. How can they be expected to give it upon the unusually difficult one of political economy?

[7] A recent article from the pen of an eminent physician, treating of the possibility of eradicating tubercular consumption from the community, gives the following list of measures necessarily to be adopted by the people to this end: (1) Fresh air; (2) ample nutrition; (3) complete rest. How compatible is this prescription with a starvation-wage, or less!

the proportion of idleness in the time of each nominally employed laborer which is upsetting all of the old-fashioned conclusions based upon mere rate of wages, now able to throw almost no light upon the laborer's true economic condition. It is this partial employment which enables so few and such weak ones to successfully counterbalance the enormous might of the competitive organization: they starve so slowly that each one counts for a good deal of resistance. The resistance of life to degeneration and death is ever astounding: courage, self-respect and physical constitution wear away so very slowly. So that it is a kindly plan, in one aspect, this plan of partial employment: it breaks the suddenness of fall into want and degradation, substituting for it a slow gravitation, as into quicksand, from the respectable poverty of unskilled labor into the immeasurable depths of chaos below, where there is no self-respect, no courage, no moral or bodily stamina—only incoherent drifting where chance currents may direct, only pauperism, disease, crime and insanity: life appearing to its wretched votaries as a vague nebula of uniformed officials, steam-heated prisons, hospital-wards and numbered certificates, certain to crystallize only finally in a nameless death and a dissecting-room burial.

The Law of Barter and Wages Affects all Levels of Society. But, though this is the worst of it, it is not the most of it. All through the laminated structure of the body economic, in every one of the upper layers, this law of action and its inevitable resultant phenomena find instance. No degree of average individual development may protect a superior class from its presence. Within its ranks, even if it include the ablest in the land, is its due proportion of the unemployed—a

less proportion as the higher levels are attained, but a rigid one, never sinking to zero.

This ever-present artificial repression of life is the cause and source of the desperation, distortion and atavism into crime, insanity and suicide which is constantly appearing in all levels of society. Psychology may explain its internal workings, heredity may pass it on from generation to generation; but it is Barter which creates it.

The Repression of Genius. But with these classes, however, the unemployment is never baldly visible. Rather is it the better concealed, agreeably to cultivated habits, than in the lower classes. Nor does it take the form of bodily starvation, as with the Submerged Tenth. A worse form, according to the standards of a civilization nominally worshiping art and progress, is reserved to it: that of the starvation of genius. For in each of us is the spark which deserves that name. When we meet the acknowledged representatives of the class, the successful in any of the lines of creative art, we modestly disclaim any literary ability, any real knowledge of music, any proper taste in pictorial art, still less a skilled appreciation of beauty in architecture, the first of all social arts. But down in the heart within us lies the more or less conscious faith that our words are all lies, that we know enough of these things to *feel* them —which is all, in the best sense, that anyone knows. We know that our feelings may not have the catholic foundation or the extreme sensibility of the trained professional perception. We usually know, or think, that we lack creative ability. But of the enjoyment we are certain. Of the starvation of both we are also certain; for as to how far we lack creative ability we know with certainty only that we have never, most of us, had a fair chance

to find out. Our best productive strength, rewarded by Barter with one-third of its natural result, is all needed to feed the body and to give the mechanical intellect a fair degree of cultivation. The much slower and more costly development of taste, perceptivity and imagination is crowded back and out—unhappily not so far but that it remains ever upon the visible horizon, a shining Carcasonne, a feast of Tantalus, to the spirit which has only partly learned resignation and which still resents the forced surrender before a tyrannous gilded Idol, before an Institution not embodying Godhead, before that Krishna of Selfishness styled the Competitive System.

In this sense, then, of being required to concentrate one's best efforts upon the tasks which are really of the least value to us and to the community, albeit the only ones for which it will award us Purchasing-Power, can be added this additional statement of the Law of Enforced Idleness:

That even among those who retain the privilege of employment the economic coercion is toward the maximum employment of their most material parts and the minimum employment, amounting frequently to complete idleness, of those portions of their latent ability to which civilized ethics universally accords the highest standards of value.

This law applies both to questions of social ethics and to those of economics. It becomes of interest chiefly in considering the ranks of the arts and professions, including the designer and the inventor, and the sources of their current supplies of recruits.

The Rigidity of the Laws of Distribution. This relation between the volumes of barter and of enforced idleness is a rigid one. No amount of ethical effort on the part of charitable missions, the pulpit or the public

press, except as it may succeed in diminishing the volume or the keenness of barter, can affect it in the slightest. No amount of altruistic economic effort: no alms-giving, no employment-bureau, no vacant-lot cultivation, no forced public works, can possibly alleviate the situation, except as they may incidentally restrict barter. Give a man money and you temporarily ease the pressure upon his class; barter will follow it up and absorb it until the pressure is the same as before. Show him how to live upon eight cents a day, as did kindly Mr. Atkinson of Aladdin-oven fame: if his class adopts the plan sufficiently for the idea to accomplish anything at all, wages will promptly retreat to eight cents per day in consequence. Pick a man up out of the ranks of the unemployed and arbitrarily give him a job: he immediately absorbs the purchasing-power which was before keeping someone else at work, and somewhere else some other poor chap is told to "get his time" in consequence. Statistics will not reveal these things, any more than they would the futility of the perpetual-motion hopes of a half-century ago, but the law of the conservation of energy, intelligently applied, makes them both equally clear.

For a century or more organized charity has struggled with the problem of how man's natural promptings toward sympathetic assistance of his needy brother might find expression in the economic world. Mere paternal alms-giving has long ago proved its futility; it pauperizes and demoralizes the worse elements among the poor; it fails to satisfy the better. After generations of failure, bitter experience has taught organized charity the one big lesson: To cease giving alms and to offer encouragement and opportunity instead. The chief effort is now directed toward the finding of employment for those without it.

It is not to be said that this effort is absolutely fruitless. A little time is gained, at least. Any mechanism which operates to increase the fluidity of labor, to promote its circulation from the locality or trade where opportunity is for the moment restricted to others where the instantaneous conditions are more favorable, temporarily aids labor in its struggle with the competitive classes. Some charitable labor-bureaus accomplish something in this line, but most of them do not. These laws not being widely understood, any employment which removes the visible want is utilized to occupy the unemployed; so the effect is temporary and local only. As to the permanent alleviation of the average conditions of labor, of the average proportion of idleness in the community, the futility of artificially lifting men and women from the submerged into the employed level may be asserted very positively. It is absolutely futile. To attempt to drain the sea by pumping water from it to the nearest hilltop and pouring it out upon the farther side is no more so. In fact, the competitive system almost completely shuts off all hope of the effective transfer of economic aid from those who have plenty to those who are needy. The transfer of ethical strength, of hope, encouragement and education, is all that is possible. This and the beneficial ethical reaction upon the giver which results from charitable effort constitute the sole gains to the community which may be hoped for from it.

Artificially Enforced Degeneration. The Enforcedly Idle are currently engaged in industrial and social degeneration. From the class in which they are forced to be idle they gravitate finally, after a sufficient wearing away of hope and self-respect, into a lower one where they are able to secure at least the starvation-wage. This again proves that the latter subdivision tends to a

maximum. From whichever direction recruits enter a class, from above or from below, they enter by the door of the Starvation-Wage. When they are rising it means Hope, albeit coupled, for the time, with penury. When they are going down it means all the bitterness of insufficient food eaten with shame.

This phenomenon of enforced idleness is existent in every economic class and level. Its individuals are familiar in all the walks of life. But there is a vast difference between the submergence of a member of one of the upper layers of society, having a comfortable layer below, however unwelcome, into which to sink, and the submergence of an unskilled producer. For below this layer is nothing but chaos: only pauperism, crime, suicide or, sometimes, as a gift from Heaven, "natural" death. This is the only reason why this subdivision tends to be a minority: its stout resistance to slow and agonizing, or slow and stupefying, death. There is no need for the fashionable drawing-room discussion of "natural" degeneration. It is very doubtful if there be any such thing, in *genus homo* at least. There is enough, and more, of the artificial sort involved in this one Law of the Submerged Tenth to answer all the known questions and to occupy for long the intellects and consciences of those who are engaged in upholding the present commercial system.

IX

THE ECONOMIC ORGANISM

ECONOMIC society now becomes visible as a living organism. Material capital constitutes its bones and tissue: the things with the aid of which (but not upon which) it lives and which need to be supplied only as they incidentally wear out and want repair. Material Value in Exchange constitutes its circulation: the blood upon which it exists and which must be currently manufactured as fast as life proceeds, or death ensues.

Its Structure.—In attempting to illustrate this organism diagrammatically, we must be guided by our past analysis. The two main divisions of the body economic, Production and Dissipation, must be demarked from each other by a horizontal plane, with the former below and the latter above; for it was shown plainly that the latter both holds the power over and is supported by the former.[1]

Within Division I must be created several horizontal subdivisions, or layers, to represent respectively the more and the less skilled producers: the arts and professions at the top, the highly skilled artisans next, the ordinarily skilled mechanics who have acquired a "trade" next below, the unskilled laborers next to them, and, lowest of all, the Submerged Tenth. The diagram is an economic classification of activities, not of population; therefore,

[1] See Fig. 7, page 198.

since within either division alone the productivity is proportional to, although not equal to, the income enjoyed, the various portions of individual activity going to make up these respective layers are to be classified therein according to money-wages received.

Within Division II are also needed horizontal subdivisions. Labor cannot produce without access to and exchange of valuation with both land and capital. The species of barter which attaches itself to this sort of exchange is capitalism. But labor also cannot either produce or consume without access to exchange between trade and trade. To this sort of exchange attaches itself barter pure and simple. When labor has produced value and it has been translated into valuation, the first slice cut off therefrom in its distribution throughout the community is rent and interest, to lump these two together. From the remainder Barter next abstracts all that it can take and still leave to Production its indispensable life-blood. What is left goes back to the producer in another form of commodities, now fit for his own consumption, whereas what he produced was not. Therefore, of the two layers into which Dissipation is to be divided, the upper one, farthest away from Production and accessible from it only through Capitalism, must be Pure Barter. Next beneath, supporting Barter and resting upon Production, must come Capitalism.

Capitalism thus interferes in the exchanges between Labor and The Market in two ways:

(1) *When the Labor-Value is transmuted into Money,* for distribution throughout the community; that is, when the laborer is hired. Capitalism-connected-with-Production then uses its advantage in barter to keep the price of labor (which is paid in Money-valuation) as low as possible.

(2) *When the Value comes back again to Labor for consumption,* in support of its life; that is, when the laborer turns Consumer and purchases in the open market the goods which it needs to consume. Capitalism-connected-with-Supply then uses its advantage in barter to keep the price of commodities as high as possible. Both sorts of capitalism need display in the diagram, this time side by side.

In further horizontal subdivision, Capitalism might be distinguished between Landlordism, collecting Rent, and Capitalism proper, collecting Interest, respectively. Barter might be subdivided into wholesale and retail barter, respectively. But little gain in lucidity would be attained by either complication of the diagram.

Such a diagram is illustrated in Figs. 7 and 8. The former is a vertical plane section across the ring shown in perspective in Fig. 8. Its further features are to be explained as follows:

Its Circulation. Production is divided into its several specializations, properly to be called *Trades.* Each trade produces value in only a single form, relying upon Exchange to bring to it all of the other forms which it may need. Each trade possesses its portion of each of the horizontal layers: its submerged tenth at the bottom, its laborers, its skilled artisans or designers, its capitalism and its barter. Therefore the partitions between the several trades must be vertical planes.

Because the direct exchange of goods for goods is now no longer possible, *the circulation of value cannot take place below the barter-level.* Therefore the vertical partitions separating the trades must be regarded as impervious walls extending up to the lower limit of Barter, just above Capitalism. There may be, of course, a very great number of these trades. To aid the eye they are

collected into groups; but in fact each vertical lamina is an independent unit, shut off from its neighbor by a rigid economic wall. There are, of course, many more of them than can be depicted in the diagram.

Each trade is as a well, or as a cell in a honeycomb laid flat: accessible for ingress or egress only at the top, where it meets Barter. To Barter it gives up all value which it produces; from Barter it takes in whatever sustenance it may get. But before either giving up its product to Barter for distribution, or purchasing its sustenance from Barter, it must pay its toll to Capitalism, which seals the doorway to all exchange with the outside world and abstracts its taxation from all passing traffic.

In the body economic, as in all other organic bodies, there is circulation. So essential is the circulation to the life that it is often loosely said that the circulation is the life. In the body economic this vital circulation is that of Value (not of Valuation, nor of wealth, although each atom or corpuscle of Value is always enwrapped in its envelope of Valuation). It consists of rotational or cyclical motion in each of two planes:

(1) The vertical, shown in Fig. 7: going on within each trade or occupation—within each individual, indeed.

(2) The horizontal, shown in Fig. 8: from one trade or occupation to every other.

The vertical circulation starts with the production of Value within the lower, or productive, layer. This Value is always, practically speaking, in a form wholly worthless to the producers themselves and unfit to sustain their life. In industry in its modern form the shoemaker, for instance, does not and cannot wear the shoes he makes, any more than can the doctor swallow his own pills and advice. Before any of these commodities can serve to sustain life they must be transmuted into money, or *sold;*

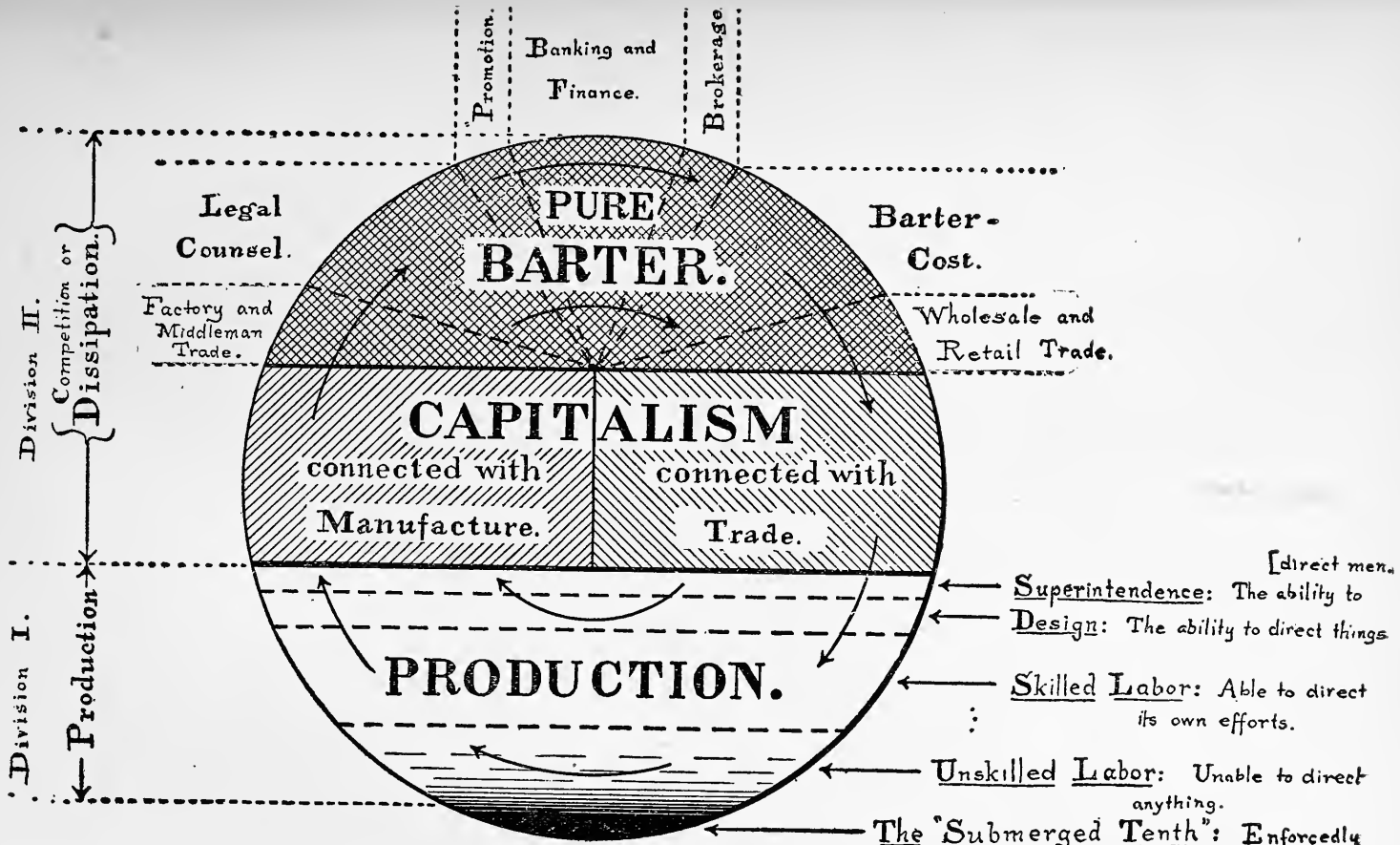

Fig. 7. The Economic Organism: Section

which process can be accomplished only in contact with Barter.[2] But even the money so obtained is unfit, of itself, to support life; it needs first to be transmuted, by purchase, back into commodities again, but this time into the commodities needed by the producers for consumption in their prosecution of further life and effort.

It is plain that purely vertical circulation alone could bring back to the producers only the very commodities which their particular Trade or Occupation had excreted, and could therefore accomplish little or nothing toward biological support. This difficulty is overcome by the horizontal circulation within Division II, which takes place in either direction. By its means the value of commodities excreted by any one trade or occupation is transported to any other which may need their support.

Everything in Division II is perfectly fluid. Value, liquidated into Money-Valuation, circulates freely within the Barter-zone, so far as locality or ownership is concerned, from any one trade to any other. Capitalism does not circulate, in the proper sense of the term, that is, move continuously in a cyclical path; but it drifts freely back and forth, from any one to any other part of the organism, wherever the greatest need for it may be, with almost perfect fluidity. Therefore, the walls which separate the trades and which are impervious to all circulation of Value, are not impervious to the osmose of Capitalism.

To illustrate this circulation of Value the horizontal aspect of the economic organism is shown as circular, or annular, in Fig 8. The arrows in the two diagrams show the two sorts of circulation. Production maintains ver-

[2] The sale actually negotiated is that of the labor involved in producing the given commodity. The producer no longer sells the commodity he produces; instead, he sells his labor; but the price thereof is based directly upon the amount of goods which become available for sale as the result of its efforts and the price which they will bring in the competitive market.

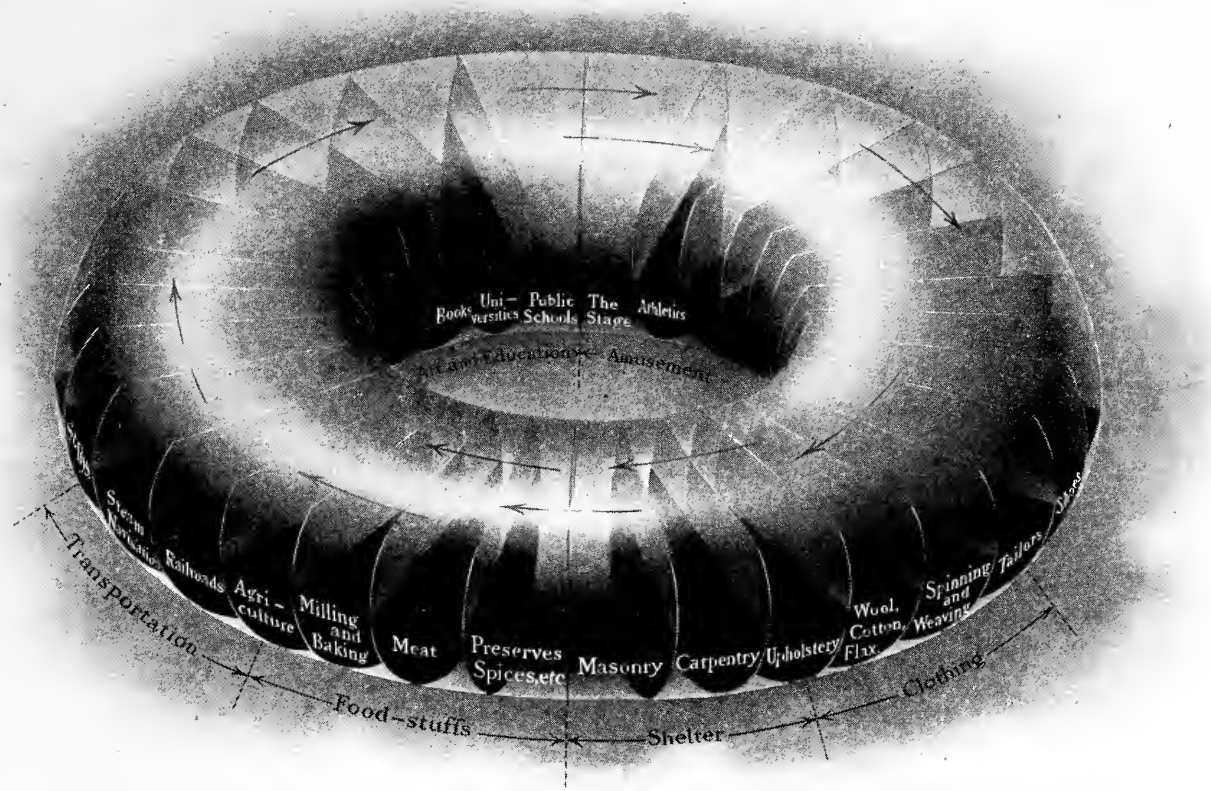

Fig. 8. The Economic Organism: Exterior

tical circulation within each trade or cell (or each individual, it may be) by absorbing for its sustenance finished commodities from The Market of Barter above, by biologically transforming this material energy into Life, and by transforming this vital energy back into material economic energy of Value, in laboriously producing and excreting up into The Market the finished commodities resultant from its productive effort. It maintains the horizontal circulation of all commodities within the upper layer, that of Exchange by Barter, by the excretion from its own cell of its own particular commodity only and by its absorption into itself of a portion of the excretions of all of the others.[3]

[3] The energy-transformations occurring continuously within each cell of the productive layer, viz.: the consumption of material commodities, their dissolution into human life and the expenditure of that life in the production of new material commodities, is purely a biological, not an economic, process. Toward the improvement of its efficiency is directed all education and discipline of an industrial sort. But to the question of the proportion of poverty prevalent in the community at any time all such effort, or its resultant increase in individual productive efficiency, is wholly irrelevant. It was shown (pp. 76, 102) that the emulative response of the individual to such effort tended to elevate all individuals at an equal rate and to keep them generally on a plane of equality in productive efficiency; it was shown on page 81 that whatever that efficiency might be Barter would leave to the individual only enough, on the average, for a starvation-wage,—that whatever progress the community as a whole might make, Barter would see to it that we had the poor with us always. Therefore, it concerns us, in this analysis, to see alone what becomes of the produce excreted by these productive cells,—which has always had the superficial appearance of being sufficient for the maintenance of society in complete comfort were it only properly distributed,—and to abandon forever the cruel superstition to the effect that the producers would exist amid plenty if they would only properly develop their productive efficiency. The writer is glad to assert, at this juncture, that he believes this efficiency to be always near the three hundred per cent. mark in Division I, each producer returning to society all, and twice more, than he receives; and that it is only in Division II, where plenty prevails and where the income is large and the effective productivity nothing, that the biological efficiency (for the economic efficiency is zero or negative) falls far away,

Absorption. Within this horizontal current of Exchange, like an eel in a water-pipe, lies Competition, or Barter, absorbing sustenance from the current which passes through it and fattening upon what it absorbs until its plethora too much chokes the circulation to permit it to accumulate further fat.[4] What it receives is Value; what it allows to pass again into the producers' hands is Valuation: true Value inflated to triple volume, a current of one-third the density of Value. So that what Production receives again for its efforts is a volume to every outward appearance equal to its original productivity, and stoutly maintained by Capitalism and the Bargainers to be that equal, but which is in reality diluted with two-thirds water,—diluted and burdened with two-thirds cost of competition,—so that its real life-supporting power is thin in that proportion.

Vertical Competition. Within the limiting cuticle of this organism, or its external limitation by natural environment, exists fluid-pressure in every direction. Barter, waxing fat, squeezes down upon Production, both by its mere weight and by its capillary activity, calling ever for "More, more!" Production, almost asphyxiated by difficulty in purchase and consumption, at inflated valuations with diluted wages, squeezes back with what pressure it can, striving still more strenuously to gain its breath of life and to keep up the output. In between lies

by various large fractions, from perfection. But whether he be right or wrong in this affects not at all the argument in hand, which is that the efficiency of *distribution* by the modern commercial system, of the value *actually now produced* by Division I and poured out into the community through the hands of Division II, depends primarily upon the proportion of Division II existent within the community.

[4] This is the process called, in railroad-management, "charging all the traffic will bear." The same policy prevails, under other names, in all successful businesses.

Capitalism, as passive as a leech, as indifferent to pressure as a flounder, knowing full well that no amount of striving, either above or below, can rob him of his toll. The effort of Barter is to keep down the wages of labor, to maintain a monopoly of the market and to keep up the prices of all commodities to the Consumer. There is no effort on the part of Competition to keep down prices, as is commonly supposed. Its sole effort is to make prices *seem* low. The difference to the consumer is as that between black and white, between truth and a lie; such is the difference between Barter's constant pretense of keeping down prices and its actual fruits. Indeed, unconsciously to the barterers, it is the mere presence of the present enormous volume of competition, with the excessive cost of its maintenance, which explains two-thirds of the price of the average commodity reaching the consumer. But even within his own consciousness is the knowledge that, so far as his efforts are purely negotiative, his endeavor is all against the mental attitude of his opponent: to make him believe that he is getting much and giving little, and solely that the opposite fact, the surplus of what he gives over what he gets, may be as great as possible. If he indignantly doubt this, let him ask himself, after any successful negotiation whatever, if the result would have been the same had he disclosed to the other party every atom of information which he possessed as to the true worth of the goods—what he paid for them, where he got them, how much more of them are available, etc., etc.

No one bargainer may elevate prices appreciably more rapidly than do the rest, it is true; but that is the utmost that can be said in defense of competition, and it is very far from saying that they any or all of them ever seek a real reduction of prices, in aggregate or average. It is impos-

sible to imagine a bargainer striving to keep down prices; his sole means of livelihood is in selling higher, and as much higher as he can, than he buys. Unless he succeed in making his excess of selling-price over buying-price greater than that of his competitors, he fails to survive. This is the primary fact of competition. And since his buying-price rests, ultimately, upon the soil and the unskilled laborer,—positive and inelastic foundations both,—this means that the ultimate selling-price is constantly being elevated. Since the consumer naturally resents this, the prime aim of intelligent competition is to acquire the power, by combination and organization, to overcome or disregard this resistance. Whatever be the method of organization amongst the barterers, under various names and of divers degrees of permanence, all the way from partnerships, small firms and close corporations to the "trusts" and those unformulated conspiracies such as the "coal-clubs," the ultimate aim is ever to better control the market and to exalt prices.

It is futile to reply to this: "That is not competition, but the abolition of competition." It *is* competition, a fiercer competition between bargainer and consumer taking the place of a milder competition between bargainer and bargainer. But the force of our position does not depend solely upon this point, although it is true. All sorts of competition raise prices. For the sole reason why any bargainer might ever be imagined as lowering his prices is to increase his market; and it is axiomatic in business that the most effective way to increase one's market is by advertising, rather than by lowering prices. But every item of advertising, of commercial traveling, of catch-trades of whatever description, inevitably increases the cost of the article to the consumer. He is the only possible one to pay for it all, from the kernel of

Value within to the last dash of scarlet ink on the fancy wrapper without.

Nor is it sufficient to urge that this advertising policy so distributes the bargainer's profits over a greater number of buyers that each pays less for what he receives. The facts deny it. If this were so, the proportion of buyers to sellers must be steadily on the increase; the volume of profits in proportion to value handled must be on the decrease. The opposite of both is true. It is the most phenomenal and characteristic sign of the times that the proportion of buyers to sellers is steadily on the decrease, while the volume both of advertising effort and of net profits going to the bargainers is steadily upon the increase. According to the laws stated in the preceding pages: that barter and advertising tend to exalt prices and to decrease consumption and constitute a destruction of the community's wealth, these facts are both consistent and natural. With the popular idea, however, that advertising increases the volume of trade and that competition lowers prices, they are absurdly inconsistent.

Let one but stop to consider the fact that there is no natural reason why anyone should ever desire to see prices rise, nor any natural force which would tend to raise them. In fact, all natural evolution, with time, tends to depress them. This is now palpably true in the productive field. Productive costs are, on the average, not more than one-fourth of what they were fifty years ago; but selling-prices are. Indeed, they are sometimes higher than they were fifty years ago. *It is solely the artificial and unnatural relations established by the competitive system which ever lead anyone to think of raising prices at all,* for it is the competitive system alone which makes it possible for anyone to profit thereby. Under natural, free exchange, the natural desire of the producer is ever to

lower the price of his own output; for that is accomplished only by increasing his production, and therefore his consumption. But under barter, the higher the price of the commodity the greater the profit. This is obviously true regarding each piece sold. But so far is it true that even when fewer pieces are sold, in consequence of the higher prices, the net profit to the seller is greater. This is the economic fact back of all artificial restriction of output—and it is woefully prevalent. The railroads " charge all the traffic will bear "; that is, quite conscious that they are charging so high that the traffic is restricted thereby below the natural demand, their only care is not to restrict it so narrowly that even the exalted profits earned per passenger are thereby incapacitated for resulting in increased aggregate profits. In other words, competition puts every inducement before the bargainer to raise prices and restrict the volume of trade; natural exchange offers every inducement to the producer to depress prices and increase the volume of trade.

The Reaction to Vertical Competition from Below. The constant aim of Production, in this vertical internal squeeze originated by Barter, is to maintain its purchasing-power. In this its only opening for effort, outside of the tyrannical trades-union strike,—its sole weapon in the war-game introduced by the Profit-seekers,—is in increased productivity. But that is no opening at all. It avails not one whit to satisfy the unlimited absorptive power of Barter. Within the last half-century Labor's productivity has multiplied probably fourfold; yet Barter now absorbs a greater proportion of this enormous output than it did of the meager wealth of fifty years ago, leaving to Wages practically the same actual income of Value per man that he enjoyed in those primitive days (see p. 257). From this Labor is learning its

obvious lesson: to abandon this futile policy of trying to do more or better work in order to gain a competence, and has almost had sense enough to adopt the plain example of the only class which ever does attain wealth, the bargaining-class: to concentrate its efforts upon the attainment of a maximum price for what it has to sell, with little or no care, without knowledge even, as to whether what it sells be much or little, good or bad. Far be it from our present purpose to inculcate such a lesson of evil for evil. But when evil is done for evil it should not be the first doer who blames the second for the entire fault—although it usually is. If it be adopted as our national policy to place the uppermost classes in a position where their own profit must necessarily be their first consideration and where what they furnish to the individual consumer or investor is the secondary, the blame cannot lie with less favored classes if they follow suit.

The Passivity of Capitalism. Capitalism makes no effort. The instant its capital comes out of employment and the capitalist exerts himself to find opportunity for reinvestment, or a better rate of interest, he ceases to be a capitalist and becomes a bargainer. It is only when his capital is in use, earning interest, and he is idle, that he evinces capitalism.

Vertical Competition Defined. All such vertical pressure between divisions, layers or classes—including that between the Barterer and the Consumer, although in the latter case the individual consumer may be of the same layer as the individual barterer who is exerting the pressure at the moment—is to be known as *vertical competition.*

Horizontal Competition. The fluid pressure felt by each layer also expresses itself horizontally throughout

that layer, as is to be expected. Labor competes with labor for the opportunity for employment; capitalism competes with capitalism for the opportunity for investment; barter competes with barter for the opportunity for passing through its hands the circulating current of Value seeking exchange, for the sake of the toll absorbed therefrom in the shape of Profit. All such competition is to be known as *horizontal competition.*

Evolutionary Tendencies of Vertical and Horizontal Competition. It is to be noted here, in passing, that the prime characteristic of contemporary economic evolution is the steady diminution of horizontal competition—in Division I by the closer and closer organization into trades-unions competent to present to the pressure from above the maximum possible, even if a comparatively unavailing, defensive resistance; in Division II by the closer and closer amalgamation of enterprises of Barter into steadily larger units capable of exerting a steadily increasing aggressive pressure against the Consumer. That is to say, both above and below, in the economic organism, horizontal competition is being abandoned, as unprofitable, in favor of an ever-keener intensity of vertical competition. Barter is learning to keep its hands off both from other barterers and from Labor; for both Activities, organized and armed, can hit back: the former in a fight to the finish, the latter in an indecisive, desultory annoyance which it were well to avoid, if possible. Both can be avoided and the end in view still retained if the aggression be turned aside from them and addressed to the Consumer; for he has scarcely a thought of organizing, not to mention any prospect of accomplishing it, and cannot possibly hit back. Although organized politically under the name of the United States of America, in a unity of purpose and an unselfish patriot-

ism in aggression and defense which brooks no affront from the proudest nations of the earth, yet economically each citizen of these same States stands, as a Consumer, alone, unorganized, unprotected by his flag, under an oppression from organized Barter which is as shameful as it is cruel.[5]

Parallelism of Structure of Divisions I and II. The horizontal competition between bargainer and bargainer leads to the establishment within his own division of the same laws which have been deduced as applying to society as a whole, but much modified in form by their

[5] See Mr. Baker's article in the September *McClure's* (1903) upon the harmony existing in Chicago between the coal-dealers, the teaming-corporations and the teamsters, practically their employees. The former are organized into an "Association," the latter into a "Union"; the two have agreed not to make war upon each other, but to work together against the public. As the public constitutes the sole source of income for both, this is plainly good common sense. To quote Mr. Baker: "Once at war, Union and Association have now come together in a close combination; for months Messrs. Driscoll and Young have met day by day in a dingy Dearborn-Street office, have ruthlessly crushed competitors and 'scabs,' and, backed by their unions, have so directed and regulated the entire teaming industry that the public of Chicago pays from 40 to 100 per cent. more for every sort of teaming than it did two years ago."

The current history of the entire industrial organization reveals the same tendency, although not always so strikingly visible.

The article teems with fine illustrations of the ruthless extortion of combinations formed against the public. The chief complaint against it all by Mr. Baker, following the majority of the people, is that it has replaced "wholesome" competition. How can it be possible to overlook the identity of all of this with competition? Competition is war, and successful war means combination and organization upon each side and discipline within the ranks. Our prehistoric ancestors, knowing no more than to use stone-axes for weapons and logs for marine transportation, knew that much. So, of the chaotic strife and anarchy (outside of the perfect discipline within the unions) which Mr. Baker's paper so graphically reports in detail, only more and more, not less, can be expected until society learns to condemn all competition. See the childish futility of the efforts of Chicago's citizens to rid themselves of this nightmare! Mr. Baker says: "Do not imagine that Chicago lies quiet under its yoke. It struggles

peculiar environment and much mitigated as to their effect upon the happiness of those immediately concerned. That is, horizontal competition within Barter leads to:

(1) The growth of Barter-cost to a maximum and Net Profit to a minimum;

(2) The establishment of a Starvation-Wage for Barter which must be only slightly greater than the highest income won by skilled labor not of a professional sort; (for into the choice of a professional over a commercial life enter other considerations than mere income);

(3) A class of Enforcedly Idle barterers.

and strikes out, knowing that it is hurt, but not knowing exactly whom to punish. Various actions for conspiracy have been instituted in the courts." . . . "As a prominent Chicagoan put it to me: 'It is like trying to fight the circumambient atmosphere.'" But only because the circumambient atmosphere is supersaturated with faith in the institution: competition, which is the origin and source of the whole mass of iniquity.

I am frequently asked if the social unrest which is now so plainly visible upon every hand is to lead to a political revolution. It is, although not to one of organized bloodshed by armed troops. If one wishes to gather an excellent detailed panorama of the Reign of Terror which is to be passed through by this peace-loving land before it comes out into the clear air after the storm, into an atmosphere purged of barter by legislation as sharp, clear and forceful as lightning, let him but read the chapters of recent history-as-we-are-making-it currently appearing in the magazines, of which this article of Mr. Baker's is the most recent and one of the best. If this be not revolution, and a tragic sort, too, although little field-surgery is in evidence, then I know not what revolution is.

(This entire portion of the manuscript was written in 1903. The evidence which has accumulated and been reported in the current periodicals since, and it is accumulating very rapidly, merely reinforces what is quoted here. At the time of the last revision of the manuscript the teamsters' strike, with its accompanying violence to both participants and the innocent bystanders, is in progress. The luscious fruit of the combination between employers and employees, the "40 to 100 per cent." rise in prices for teaming, has grown too luscious to permit peace—or, perhaps, the employees find themselves getting chiefly core and rind. It matters little. Temporarily the battle surges thus; soon it will surge back again. It is a battle, with all that battle means, either way.)

The same is true of Capitalism. Its "starvation-wage" is the lowest rate of interest accepted under maximum security. Its "enforcedly idle" are the capitalists who will not accept this and who turn barterers and seekers after better investment, withdrawing their capital from use into idleness the while, instead. Thus it is true that capitalism competes with capitalism. That the process is unprofitable to the capitalist is plain from the fact that the only time that capitalism draws no interest is when it is wandering in the open market, bargaining for a chance at investment. Here is exemplified the universal law: that wherever competition exists must also exist idleness and loss of effectiveness.[6] For capitalism to cease drawing interest is a gain to the community, to be sure, but it is a loss to the capitalist; moreover, it is better for the community for the capitalist to compete idly, as a capitalist, than it is for him to turn barterer and compete actively—better by the amount of that activity, which must be supported from the community's fund of Value.

The Increase of Pressure with Depth. Because the opportunity offered by environment is most restricted

[6] In July, 1905, Mr. James T. Hill, the prominent financier, published in the New York *Herald* his views upon this feature of the situation in no doubtful terms. His opportunity for accurate observation no one can deny, although his suggested explanations we consider worthless. He thinks that, while we are working, eighty millions of us, to develop the natural resources of the country, from a trade and business point of view "we are making a poor job of it." "The country is richer far than England or Germany," says Mr. Hill, "and yet the fruits of trading are exceedingly small compared with what they ought to be." The New York *Times,* in comment thereon, says that "it is perfectly true, as Mr. Hill says, that 'what is needed the country over is a great awakening, a sort of revival in its business methods, in domestic and foreign trade.' We want to rid ourselves of the 'hampering influences.' But here again we are groping our way, and although there is light enough to show the true path there are those among us who make it their business to see that the people's eyes are bandaged all the time."

in the lowest layer and is greatest at the top, the horizontal pressure from internal competition will be greatest at the bottom and least, or nil, at the top. This horizontal competition is not so easily visible in the lowest layer. Labor does not spend the bulk of its time in forcing its competition, whether horizontal and internal or vertical and against the upper classes, as does Barter; but the competition is there, keen and to the death, none the less. If the competition be horizontal, its sole weapon is to accept a cut in wages, a lower grade of life, to try a further risk of degradation against bodily death—in short, to turn "scab" and accept existence at the price of growth and honor. If the competition be vertical, its sole weapon is the strike, to refuse existence at the price of growth and moral welfare. But the pressure from both directions, from without and within, is bitter. To resist them both organizations alone can be effective. The whole trades-union system is obviously organized more for the purpose of protecting Labor from its own suicidal internal competition, from its willingness to secure work at any price, than it is for protection from the oppression of Barter from above. It prevents such economic suicide by force, if necessary, as is done by law in all other cases of suicide. Only thus is continuous, growing life for the body as a whole made possible. It is to be sweepingly and confidently asserted that there is no case of moral dissipation, of complete or fractional bodily suicide, now condemned by law which is so essentially antagonistic to the stability and welfare of the community as is the willingness of any man to accept a reduction of a wage already shamefully low; yet against it there is no expression of public law nor, outside of the trades-unions, of current public opinion.

To proclaim that Labor ought to accept employment at

any terms which it can obtain is to deprive it of its last rampart in its self-defense against the degenerative effects of Barter, is inviting a certain expansion of this very lack of employment. For to accept a cut in wages in order to get a job does not mean that more men are at work. It means merely that this man steps in while another steps out; while incidentally the wages of the entire class have been dropped by the amount of the cut which the one accepted.[7] Indeed, since this retreat of Labor has permitted Barter to expand by an equal amount, the purchasing-power of the entire community is diluted and reduced to just that degree. The "scab" is an enemy to the welfare of the entire body politic as well as to his own class—as the traitor, seeking his own good at the expense of his community, must ever be. For his defection all are much worse off and no one any better: a situation which calls upon the laboring community to repress by force the act which entails it, in exactly the manner and with the same right as a state represses treason.

Human, artificial law does not yet dimly recognize the natural fact that Labor is a unit-community, subject to attack and oppression from without and to treason

[7] This, for instance, is the economic explanation of the national exclusion of the Chinese. According to all common sense, the presence of any law-abiding class of individuals who are willing to work fourteen hours daily for less money than an American workman demands for nine hours, as will the Chinaman, would seem to be an economic gain to the community so obvious as to be grasped with avidity. But if we add to the naturally profitable presence of the Chinaman an artificial institutional law to the effect that if he accepts a dollar for fourteen hours' work every other laborer must accept an equally low income, which is the competitive-wage law, then the presence of a minority of Chinese serves to depress the wages of thousands of American workingmen, to the loss of the public and the gain of the profit-seekers. The Chinese blessing is turned into a curse as thoroughly as is any other good thing which comes under the baneful shadow of barter.

from within, and rightfully organizing and exerting force in self-protection from both. It is altogether probable that not until barter ceases to exist, when the confines of the entire political community will be found to be coincident with those of the unit-community of Labor and the unit-community of Consumers, with no Barter reserved as a class separate from and antagonistic to both, will this fact be recognized. Yet, nevertheless, natural law declares this to be fundamentally true, without waiting for human recognition of the fact, and coerces labor unions into existence with as little regard to any conscious desire for them on the part of the community as it does the militia or the police. It is the simplest of predictions to observe that if human law does not soon recognize and incorporate this basic natural fact within its fundamental principles, the latter must inevitably succumb, the victim of their own internal lack of natural life and strength. It is the pressure of the natural law against the artificial, the pulsating life beating against the dead wall of precedent and shaking it to its foundations, which explains the whole phenomenon of modern Anarchy, whether philosophical or nihilistic, whether that of the trades-unions or that of the trusts.

Horizontal Competition within the Several Layers of Society Compared. With Labor competition, whether wisely vertical or unwisely horizontal, is for life itself. If the chance to labor be denied or lost, nothing remains. The scabs have a good excuse for their treason: they are drowning men. But the unionists have a better excuse for condemning them: they are grappling the support from beneath their would-be rescuers.

But with both Capitalism and Barter, on the other hand, horizontal competition means nothing so weighty. If the competitive effort against one's peer in the upper division

should fail, there is still much left to life. The capitalist, at the worst, can subsist upon his capitalism until he ceases to be a capitalist. The hardship of that has never yet been demonstrated. He will then be no worse off than is the producer at his best. Nor does society lose thereby. A consumption of the capital itself, of the tools of use to man, would be a distinct loss to the community. But the self-consumption of capitalism affects not at all the capital upon which it is based. It consumes merely the hoard of "securities," of Money-valuation, of legal control of Value, which past error has permitted the capitalist to accumulate at the expense of the producer—a past wrong which no restitution may ever remedy and which no consumption of that hoard can ever make worse. It leaves that capital whole and intact, and even freer for the use of the community than it was before.

Moreover, if the bargainer fail in bargaining against his fellows, he has lost at the game which he himself chose. He cannot complain. He may at any time drop the seductive game and turn his energy into the ultimately more, if immediately less, satisfactory avocation of Production; for the cessation of his bargaining will release an amount of purchasing-power which will exert more than sufficient demand to reëmploy his time in productive effort, if he really cares to earn his salt in that way.

In all of which is visible the truth of the general statement that in vertical competition the advantage always does and must lie with the upper layer, that of Barter, over the lower, the Productive layer.

The Actual Proportions of Distribution. If Fig. 7 be drawn to a scale true to actual fact, the several areas will measure the consumption of economic activity in the several directions indicated by their labels. In other words, the Production-area measures the aggregate

value produced, upon which the entire organism depends for its sustenance. The entire area measures the aggregate Valuation of wealth distributed. This is the equivalent of the Value produced. Therefore, the proportion of the total area to the production-area measures the ratio of inflation involved in the translation of Value into Valuation or wealth, or the Money-scale prevailing in the community at the time.

The areas of the several subdivisions measure the portion of this aggregate wealth or purchasing-power which is allotted to each class of activity, or the valuation of that particular effort by the community. The Value, or life-support, which each class receives is therefore measurable by dividing these several areas by the money-scale, or the density, so to speak, of the valuation-solution of value. That is, the producing division, which produces all value, enjoys the consumption of about one-third of it; the barter-division (including capitalism), which produces nothing, enjoys about twice as much.

Activities, not Populations, the Guide. But to fully appreciate what this distribution means it must be remembered that the areas of Fig. 7 do not measure populations of individuals, but aggregate purchasing-power, or, in other words, *economic activity in consumption,* or at least in absorption. Hitherto we have been careful to consider only these activities, remembering that each individual always comprises several sorts of activities within his daily life; also that some individuals incorporate much more economic activity and effectiveness than do others. Looking at these diagrams of the social organism, however, it will be clear that the classification of activities visible therein coincides fairly closely with the segregation of individuals into social classes in actual life. The laboring class spends nearly all of its time in production and

scarcely any in competition: an occasional evening given to trades-union meetings or an occasional idle week on strike is all. A great many capitalists, particularly the larger ones, are purely capitalists; that is to say, they enjoy their income idly. The great majority of bargainers do nothing but negotiate or promote. If they enjoy income from both invested capital and from active effort in commercial life, they are even then only two sorts of bargainers in one.

On the other hand, there is quite a number of individuals who fail to fall wholly within any one class of economic society; at different portions of each day's life they occupy, in their varying momentary occupations, each of the separate levels into which we have divided all economic activity. Such, for instance, are the store-keepers and manufacturers of moderate size. Each performs some daily effort which is truly productive, usually in the way of superintendence; each has some capital invested; each spends a part of his time in negotiation, promotion or speculation. It is these individuals who will find the greatest difficulty in following, understanding and accepting this analysis. Feeling subconsciously, as they do, that their entire life-effort is directed toward but a single end: the furtherance of their private business, they will find it almost impossible to comprehend that, when their day's work is regarded from the standpoint of the interests of society as a whole, one portion of their striving stands in direct annihilation of the results of another portion, that one portion is constructive and valuable while another is destructive and reprehensible. Yet such is the fact.

Comparative Density of Population within the Several Classes of Activity. If we consider, notwithstanding this blurring of the lines of accepted social classification of individuals by the superposition thereon

of the accurate classification by activities, that the two sorts of classification are fairly identical, and if we then consider the population which evinces these different classes of activity as displayed in Fig. 7, it appears that its density is not at all the same throughout. This is important, because it is only by dividing by its population the total purchasing-power allotted to a given class that its average individual income and level of comfort can be known.[8] For the population is much more congested in the lower layers. Whereas Production gets only one-third of the community's purchasing-power, it comprises some 86 per cent. of the total population. Competition, securing two-thirds of the wealth, comprises only the other 14 per cent. Wherefore, comparing the two Divisions, the average individual income is obviously some eighteen times as great in Division II as in Division I; which is much what would be expected from our general knowledge of the actual comparison of individual incomes, but adduced with greater certainty.

This variation in density of population in the two Divisions is illustrated in Fig. 9. In it is shown, by the black disk in the upper portion, the population devoted to the activities of Division II, upon the same scale as the clear area of "Production" measures the population concerned in that class of industry. That is, the clear white area plus the solid black measures the total industrial population; the entire area of the large circle measures the total wealth consumed by that population, and its several sub-

[8] This is the only method for attaining a clear analysis of the social situation: to analyze activities first and then to consider population in relation to the different species of activity. To divide arbitrarily the mass of individuals composing society into classes upon the assumption that each individual can be a member of only one class and that the lines which demark classes pass between, instead of through, individuals, is to invite at the start only confusion, self-deception and failure of progress.

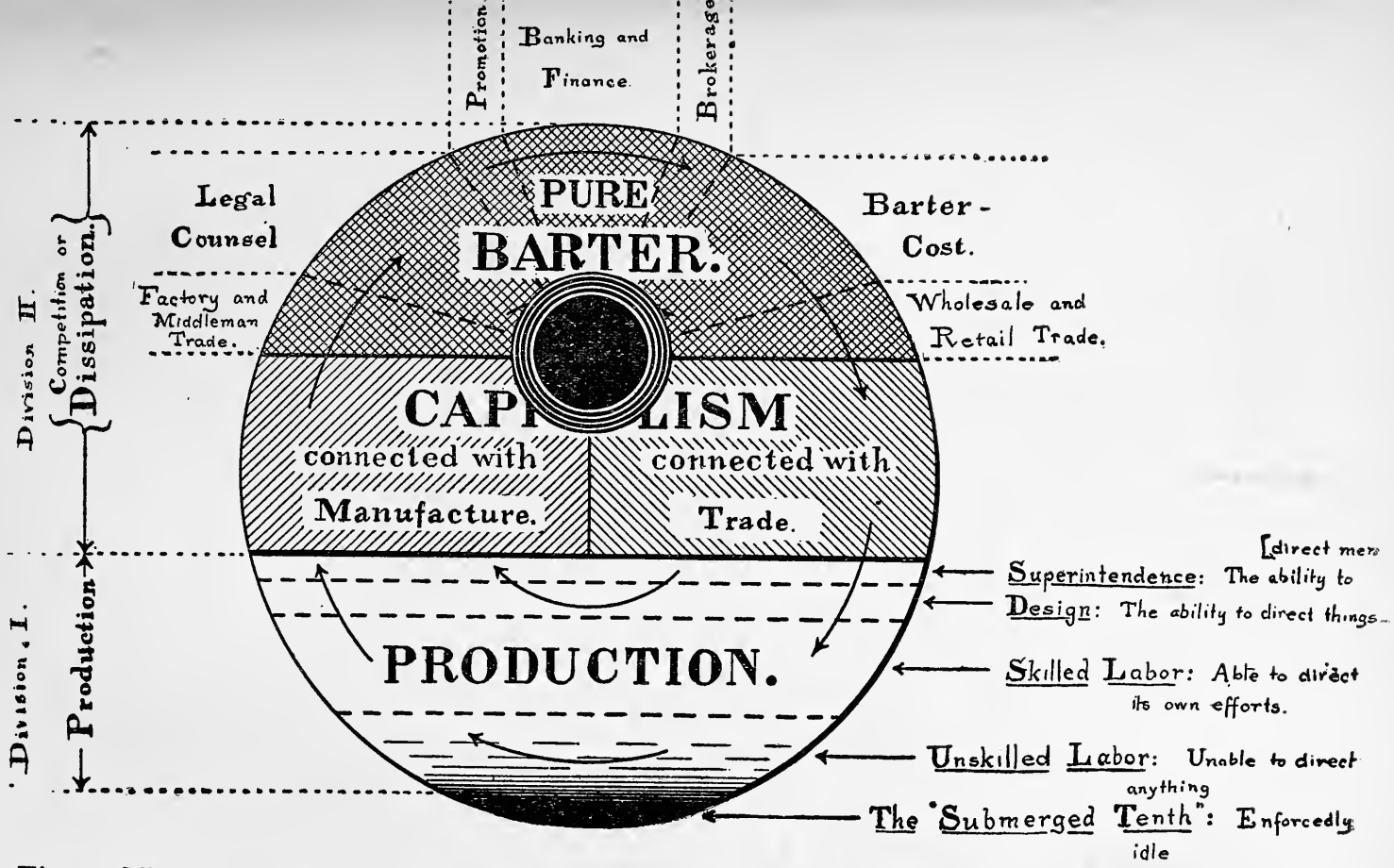

Fig. 9. The Economic Organism: Section Displaying the Population which Absorbs the Cost of Competition,—pure Barter and Barter-cost being Distinguished

areas the portions of that total wealth going to the several classes as units. Therefore, the shaded upper portions of the large circle measure the wealth going into economic dissipation; the small black disc measures the population which dissipates it—a very small eel to consume all the nutriment supplied by a current so large in cross-section as the entire shaded portion, even supposing that it is necessary to have any barter at all, and truly a heinous blot upon the intelligence of our modern industrial civilization.

Barter-Cost. The lighter outer portion of the disk measures the population receiving the barter-cost, with which the true barterer, occupying the inner disk of solid black, always surrounds himself, as a spider with a web, in order to catch trade. The individuals occupying this outer zone enjoy, of course, the same average individual income for a given grade of skill as do the occupants of the production-layer, because they draw wages in wage-competition with them. But because the barter-cost people, consisting chiefly of clerks, stenographers, salesmen, drummers, the printers and painters of advertisements, and, last but not least, the civil lawyers, include very few unskilled laborers, they represent a somewhat higher average of skill, intelligence and education than do the producers in factories, and therefore average larger incomes. Nevertheless, because the average income allotted to all wage-earners by Barter is so small, compared with that reserved to itself, this outer ring of earners of barter-wages, constituting some 53 per cent. of the population of Division II, receives only 4.2 per cent. of the total income absorbed by that Division and measured by the shaded areas of the large circle. This leaves the remaining 95.8 per cent. of it to be absorbed by the solid portion only of the black disk.

Non-Industrial Population an Additional Factor. It is to be noted, finally, that the diagram refers solely to the active industrial population. If it be remembered that the individuals active in the production-layer average a much larger dependency upon each one of them for support, in the form of a non-industrial household population, than do those of the upper layer, who usually maintain quite small families, it will be plain that, women, children and invalids included, the diagram quite fails to do justice to the largeness of the community fed by the white area and exaggerates the population to be represented by the black disk as supplied with income by the shaded areas of the large circle.[9]

The Effect of Distribution by Means of Barter upon the Welfare of the Individual Producer. Further light upon the economic conditions of the individual may be had from Fig. 10. It shows the distribution of Value by Barter to individuals of differing degrees of natural productivity. In Fig. 10 the coördinate axis *OI* measures individuals of the body economic and the axis *OP* their respective individual productivities. That is to say, each element of horizontal measurement, mathematically called *dI,* would represent one economic individual, the smallest item to be considered sociologically, the social atom. If the diagram is to apply to this nation as the community to be represented, the abscissa *OK* would be divided into some thirty millions of such parts, each representing a single worker.

[9] In order to avoid a possible confusion, it will be repeated that, in the sense that a population is fed by him who produces the things consumed, the entire community is fed by the white area of Production alone. In the sense that a family, a class or a community is fed by the current purchasing-power which reaches it and is distributed among its members, without any thought as to whose efforts actually produced the Value of that purchasing-power, the above statements are true.

The resultant gradation of individuals according to their natural productivity is shown by the curve *AG*, the ordinate *p* of which would measure the productivity of each individual respectively. The greater number of individuals possess a small or medium productivity, while only a few attain to the highest degrees of efficiency.

This insures that the aggregate productivity *P* of any

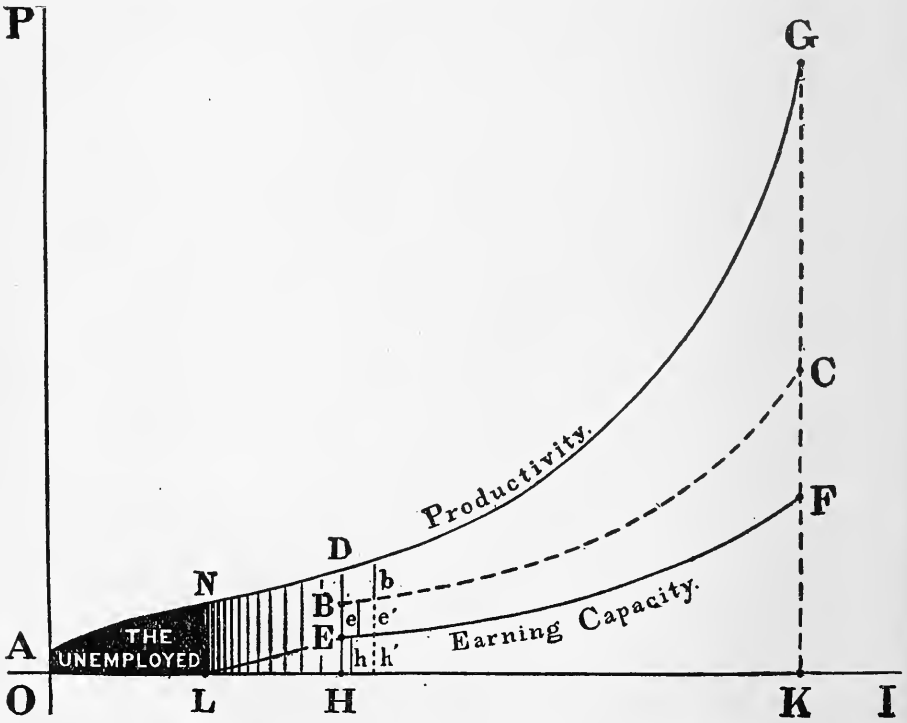

Fig. 10. The Fate of the Individual Producer's Productivity

portion of the industrial community must be measured by an area, the number of workers involved multiplied by the industrial productivity or height of each in average. That is to say,

$$P = \int p \, dI$$

Thus, the total area beneath the curve *AG*, or the area *OAGK*, must measure the integrated productivity of the

entire community. It therefore must be equal to the area of the entire circle of Fig. 7, when measured in Valuation, or of the white portion of it when measured in Value.

Of the value produced by each individual who has found employment one portion goes to economic dissipation and the other returns to him as wages of purchasing-power. The former is divisible into rent, interest, barter-cost and net profit. In Fig. 10 the wages-portion is measured by the ordinates *HE, KF,* etc. The portion dissipated in barter-cost is measured by the ordinates *EB, FC,* etc. The portions dissipated in the forms of rent, interest and net profit are lumped together and measured by the ordinates *BD, CG,* etc. According to this, *HE* represents the starvation-wage for the producer, *EB* the minimum cost of barter with which his produce can be marketed in the given prevailing stage of economic progress, and *BD* the smallest return, the "starvation-wage," for which the bargainers will handle the stuff. Subtracting the various costs of competition, which range upward from this minimum, from the various degrees of productivity, which range upwards from *HD*, there results the curve *EF* as the one revealing the wage-earning capacity or purchasing-power of the various individuals.[10]

[10] In order to avoid possible misunderstanding, it is pointed out that the diagram reveals, on its horizontal scale, only individuals of the producing class. The areas above *EF* measure quantities of barter-activity *per producer.* That is, let the little area *EhH* measure the productivity of, say, a thousand producers; the areas above it, between the same ordinates, would measure the activity of that unknown number of barterers which was engaged in marketing the produce of these thousand producers. The area *DbB* may be supposed to represent the activity of a thousand negotiators and *BeE* that of a thousand individuals devoted to barter-cost; from which it would appear that one thousand negotiators would employ about two thousand assistants in handling the produce of about three thousand producers. The horizontal scale of the diagram, which is primarily designed to be illustrative of relations, could not be made sufficiently correct, however, to warrant any such deductions as to numerical proportions from it.

Any individual, in order to find employment, must evince sufficient productivity to first make good the least possible cost of competition (including both barter-cost and net profit) over his value-produced, and still have wages enough left to support him in that grade of life which will warrant steady effort at labor, rather than at a mere discontented search after something more endurable even if less honorable. The minimum wage acceptable, the starvation-wage, is visible at *EH,* the minimum cost of competition connected with its receipt from circulation, all factors included, being *ED.* Therefore the least individual productivity which can find employment is their sum, *HD.* All individuals possessing less productivity than *HD,* or those occupying the field between *OA* and *HD,* must remain more or less unemployed.

Their graded degrees of productivity are shown by the ordinates between *HL* and *DN.* From these several productivities, before any of them can return any income to their owners, must be deducted the minimum cost of marketing their produce, or *ED.* This abstraction results in the curve *EL,* measuring their wage-earning capacity, just as *EF* does that of the individuals possessing a greater productivity. But, all of the ordinates beneath *EL* being less than *HE,* none of these individuals can receive even the stravation-wage; they are all more or less unemployed. They taper off into greater and greater economic submergence into want, toward the point of complete idleness and

Each barterer employs, in actual fact, about six producers, instead of three. The vertical scale, though, is as true as possible.

Nor is it to be deduced from this diagram that the barterers receiving the minimum return for barter, *BD,* are engaged in marketing literally the produce of the particular producers of minimum productivity, *HD,* earning the starvation-wage *HE.* Indeed, the rule is almost the opposite; that is, it is the negotiators individually winning the greatest returns who are engaged in handling the produce of the lowest grades of labor, earning the meanest wages.

a zero-wage at *L,* beyond which is the hopelessly Submerged Tenth.

This shows why the curve *ANDG* may take its origin above the zero-point, instead of in it. If the diagram were made to include the sick and the violently insane, the curve *ANDG* would have to originate at *O*. But as this is a study in economics, those individuals biologically wanting in all economic self-helpfulness are excluded. But there are plainly many individuals who are at present counted as of no economic value, and therefore left without employment, who in reality possess considerable productivity—quite enough to be self-supporting were they free to produce and exchange without being taxed for the cost of barter. It will be noted that practically all of these individuals between *HD* and *OA* possess productivities greater than *EH,* the present starvation-wage for regularly employed labor. It does not pay anyone to employ these creatures, however, nor can they work on their own responsibility and find a market for their produce, because of the artificial depression of the valuation of all they produce, and the inflation of valuation of all they buy, by the presence and cost of barter. The cost of getting their produce through the markets and back to them in consumable goods is too great to leave them anything worth having. Therefore the better of them (those to the right of *L*) potter at odd jobs and succeed in turning up a partial self-support, to the amount measured between *EL* and *HL*. They have no regular employment and what they earn is less than the starvation-wage; they partly subsist upon charity and partly die. Those to the left of *L* can do nothing to earn anything. They constitute our paupers, tramps, prostitutes, criminals and the feeble-minded.

But it is plain that if the cost of competition, *ED,* were removed, the productivity of all of these people would be

sufficient to maintain themselves, in the great majority, in a scale of comfort greater than that now enjoyed by the self-respecting laboring classes. This statement, in fact, leads the mind to fall back immediately upon the law already established: that the natural productivity of any whole person, when undiminished by cost of barter, exceeds his natural tendency to consumption. So that for even the feeble-minded, asking very little here below, their natural productivity would suffice for comfortable self-support. Other care than purely economic they would of course need; and the sick, the insane and the inveterately criminal would also need care, of both economic and ethical sorts. But if barter were removed and the true self-helpfulness of each were thus permitted to be utilized to the full, it would be found that the great majority of individuals who now appear as burdens upon society possess a productivity quite adequate for their self-support.

Summary. These diagrams complete our general ideas as to the present distribution of wealth. The bargainers get the lion's share, the producers get what is left. Then, of this maximum going to the bargainers some individuals get the most, others get an average, many the starvation-wage for that class; while the unemployed of the bargainers do not get even that, but drop slowly and reluctantly out of business and into production or crime.

Of the medium return going to capitalism, some of the latter, which takes risks and does it skillfully, gets the most, the majority gets the standard rate of interest, while a last portion constitutes its "enforced idle," and steadily but slowly loses itself by absorption in current expenditure until its owner ceases to be a capitalist and becomes wholly dependent upon his daily efforts, either as a bargainer or as a producer, for his livelihood.

Within the layer of Production, which gets the minimum portion, skilled labor, including the professions, gets the most of it, unskilled labor gets the next portion and the Submerged Tenth the least of all. It needs to be noted here that, whereas the ablest producer (outside of the technically skilled) is only slightly worse off as to income than the poorest bargainer, the poorest producer gets a minimum portion of a minimum portion: a sort of third trituration of the community's current income; upon which diluted diet he naturally slowly degenerates.

In following this analysis it must be remembered throughout that it is ever fully recognized that, as society is organized to-day, the great majority of the individuals following bargaining methods are entirely unaware of doing anything reprehensible or destructive to the common wealth or to the character of the community. They are animated to effort only by innate energy which must come out, and by the most natural instinctive zeal to succeed and to provide for their families. They are guided, not by careful analysis of the right or wrong involved in their each relation with an ultracomplex industrial organization, but by a passive acceptance of institutions and opinions as they find them. That the resultant effort should take upon itself all the destructive characteristics of the competitive system is not because all bargainers are maliciously inclined, or even indifferent to the interests of the community, but because public opinion misdirects and perverts their natural activities away from productive and useful into competitive and destructive channels. Moreover, the institution fastened upon us by chance, by tradition, is further clinched home by this same public misapprehension, in that it befogs and conceals the real issue by attributing the blame for the entire evil to the moral obliquity of those who are the victims, rather than the

cause, of the whole phenomenon, and by excusing, by even rewarding and honoring, those who are chiefly the cause of its perpetuation.

Nor is it the leaders in barter who are wholly to blame. It is not so much the hundreds who are engaged in "capturing" railroads or cornering wheat as it is the millions engaged in haggling over every ten-cent retail transaction, who do the bulk of the harm. But it is as leaders of public opinion and legislation that these captains of barter are chiefly to blame; for it is the law, the unwritten more than the written, within whose coils the consciences of us all struggle helplessly. So vicious is this institution of universal barter in its nature, that whatever promptings of conscience as to the propriety of his deeds the individual captain of barter may feel, he is helpless to alter them except by complete abandonment of the commercial field. If he be too scrupulous to make exaggerated profits, he will soon be forced out of business, or to take a salaried position under a consolidation, by those more willing to do so. The competitive system, defined in a nutshell, is the artificial selection of the most selfish for survival.

Whatever may be this blame, for the adoption or for the continuance of Barter, it is not the present duty to discuss the ethics of the situation further than to point out that they are distinct from the economics. How far this institution of Barter may react upon the ethics of the individual and of the community will be discussed in Part II. Our duty here is to demonstrate beyond question two things, viz.:

(1) The exact definition and character of the economic relations between man and man which are now absolutely forced upon all of us, whether millionaire or miser or minister of the gospel, by the consensus of law and public opinion, and their inevitable detrimental effects upon the

material welfare of the community and the majority of its individuals;

(2) That this phenomenon is the result, not of individual greed, however prominent that may have become as itself a resultant revelation, but of an abstract institution, a mere intellectual compact, alterable by argument and agreement (whereas avarice is not), to the effect that the only and the best way to determine the unknown *price* of anything is by duello of brain and nerve; *for the pressure upon the oppressed of the land is not measured or determined by the quantity of greed on hand, but by the* QUANTITY OF ACTIVITY EXPENDED IN BARTER AND IN BARTER-COST. Whether that activity be the result of miserly avarice, of the gamester's pleasure in accumulating millions which he cannot enjoy, or of the most humane desire to support wife or child or aged parent, *makes not one whit of difference in the economic result.* It is the evil of the competitive system that it forces activities originating in motives as dissimilar as these to take the same form and to produce the same result.

(3) That, in spite of the common belief that our laws and polity of property and business are founded upon the principle of conserving to each the value which he produces, as one of the fundaments of justice, yet it is true that into the existent method of distribution of wealth this principle enters to only a minor degree. To just what degree it enters remains yet to be seen; but that the degree must be a minor one is evident from the now demonstrated fact that the incorporation of this elementary and obvious principle of mere justice cannot be complete until we have eliminated from our economic system all rent, all interest, all commercial competition and all barter over prices, whether of commodities or of labor, and have permitted them to be replaced, by natural gravitational flow of

supply and demand, with that flood of emulative activity in production which is now dammed back into potentiality by their presence.

This demonstration has now, with the completion of the analysis of Distribution by Barter, become accomplished—at least as a skeleton, as a structure fit to stand and to support the life and beauty which it itself lacks. To round out this frame-work into a fit and attractive explanation of the world of men and affairs, as it appears about us to-day, is needed some study of the way in which it happened to be, of how this chance intellectual agreement upon method, so simple, so natural and so harmless in its original elementary form, should have grown into a thing so hateful as modern commercial competition, that gigantic "yellow" institution which has now come, like dodder in a rose-garden, to overrun, undermine, half-choke and discolor to the eye one of the most wholesome and promising civilizations which the history of man has ever recorded.

X

THE GROWTH OF DISSIPATION

An Analogy. This entire proposition: that competition, which on the surface appears to be effort directed solely at the increase of trade and the only medium whereby consumers are induced to purchase, is inherently and inevitably only a dissuader of trade, because a destroyer of purchasing-power, is to the average person one sufficiently novel and startling to justify further effort at its clear understanding. To this end let it be supposed that a primitive community of workers, lacking communication with other peoples and having no other plan of life than the customs inherited from its fathers, should have adopted the national habit of spending each forenoon in tilling the soil, herding cattle, hunting game, etc., and of devoting each afternoon to a foot-race for the pooled results of the day's productive efforts, as the only known method for apportioning its distribution throughout the community.

In the first place, under such a plan, the pool would naturally be divided into more than one prize. There would probably be a first, a second and a third capital prize, for instance, of graded value. Then would follow a number of consolation-prizes, awarded to all who finished within a certain time limit. But if there is to be a race at all, in any proper sense of the term, it is obviously essential that *there be fewer prizes than racers.* That is, if the capital prizes are to be appreciably more than an average day's produce each, many of the racers must receive nothing at all.

If the simile should be brought home to our present national economic life, the capital prizes would have to be described as being thousands of times as valuable as the produce of even an exceptional man. There would be millions of consolation prizes, each returning to its winner so small a fraction of the day's produce that he would only just be fed into fitness for the next day's race, and no more. There would be tens of thousands of runners in excess of the number of prizes.

In any such a race for wealth, or for competence, or for bare life itself, it is obvious that *the average speed of the runners has nothing whatever to do with the welfare of the community*. They may run, on an average, four miles or fourteen or forty to the hour: the result is the same. The total amount of produce has not changed, except that more of it is needed to keep up the pace and less strength is left for value-production on the morrow. The riches of the commonwealth have not been altered, except that they become smaller, in proportion to the strenuousness of life, as competition becomes more keen and skillful. Only *identity of ownership* has been settled by the race; distribution of wealth, not production of value, has alone been accomplished.

Again, the average speed of the community of racers has nothing to do with the proportion of winners or of losers. The pace may become terrific; it may astonish the outside world; yet the track will reveal the same proportion of panting, distanced and discouraged tail-enders as at an earlier time of easier pace. In actual life in this country this fact is prominently visible. The average productivity of the individual, the aggregate productivity of the community, has been enormously increased, by labor-saving invention, by elevation of the standards of public intelligence; the average speed of production is terrific,

compared with anything yet recorded by history; yet the mass of humanity is no richer in happiness than under the simpler, less productive, bucolic life of the early nineteenth century. The slums are larger than ever, the prisons and almshouses are better filled. Behold progress and poverty!

Again, the efforts of any one runner cannot possibly help anyone but himself. He may lift himself from tenth place to ninth. *He* wins more, but the community is no richer. Worse than that, *he has inevitably displaced some other runner from ninth place to tenth.* No racer can win except at someone else's loss. For the higher altruistic promptings of the human soul there is absolutely no possibility of expression or survival in the racing system. The only method by which gain can be made *not* at some other's loss is by productive effort, by effort exerted upon Mother Earth, not that aimed at Brother Man.

But in our illustrative community such productive effort is confined, by written and by unwritten law, to the earlier portion of the day, and its results go into a common pool. It is only the afternoon's racing, not the morning's agriculture, which can bring home an income to any man. That in this respect our simile is quite in parallel with modern industry is clear if it be remembered that each producer, —selling his labor at a generally established rate of wages, instead of himself selling his product in the actual market, while the material results of his labor are literally mixed indiscriminately in with the goods produced by his fellows before sale takes place (the universal factory-method),— actually does cast his produce into a pool to-day. What he is to get out of it is determined almost entirely by the activity and skill of bargainers in distant cities, whom he never even sees and over whose actions he has absolutely no control, while his own productive zeal plays a quite

minor part in the question. With these mightier men he is forced, by natural law, to coöperate in the general task of landing in the consumer's hands the goods needed by society for its support. With them he is also forced, by custom and by artificial law, to pool the issue as to what purchasing-power is to return to each—just as thoroughly and inevitably as would the lamb and the lion in the same den be forced to pool the issue of an encounter, with only one dinner visibly available for the two of them.

It is finally to be noted, in connection with this illustration of the racers for the community's pooled production, that not all the teachings of the moralists, nor even the customs of centuries, could force such a people to restrict their racing to any prescribed hours of the evening alone, when once the legality of the institution were admitted by law and public opinion and its marked superiority over productive effort as a means of acquiring wealth and power were recognized. Natural appetite or unnatural avarice, wholesome emulation or noisome ambition, whichever you please, would lead each man of acumen and ability to deliberately neglect productive effort in order to save his strength for the much more profitable racing. A portion or all of the morning would be spent in training, in scouting for weak points in one's adversaries, in learning the track or in a thousand of the more questionable means which always accompany a race for stakes, whereby his chances for winning might be enhanced. He might see, or he might not, that his absence from the morning's productive duties diminished the total wealth of the community; if his afternoon's success brought him a much larger portion of the slightly diminished total, his essential desires would be satisfied, and both intellect and conscience would be dulled into acquiescence.

It is plain, too, that the race-track would soon come to

display only the most fleet of foot in the community. Some there would be, indeed, even among the poorest runners, who, because they loved sport, excitement, and the spirit of gambling, or because they had never been educated to do a day's work, would return to the track and race, day after day, although almost always losers. But the majority of the losers would soon sicken of the hopeless task and of the race-track atmosphere; they would either hire out their afternoons at productive labor to the community for what return they could get, or they would devote that time to work done for the mere love of it, to music, art, literature or science, asking no other return than the pleasure of doing and the sense of aiding humanity in its real progress.

Thus would the lapse of time necessarily result in a number of things, viz.:

(1) The expansion of the racing-habit to include all of the time and strength of the best men of the community, leaving in the fields only enough of productivity to produce the necessary valuable prizes. Thus would grow the restriction of production and the extension of poverty. The relegation of all agriculture, milling, weaving, etc., to the squaws among the American Indians was but a natural illustration of this process.

(2) The steady growth of keenness of racing, due to the increased number of runners, and of the aggregate value of the prizes in consequence; thus would grow the intensity of poverty.

(3) The specialization of all of the best talent in the country out of productive lines of effort and into racing.

(4) The artificial breeding of racers, by the unusual opportunities for survival accorded to racers and the unusual obstacles to survival placed before ability so markedly productive in its tendencies as to utterly refuse to race,

until the community, or this portion of it at least, became essentially a racing species of the *genus homo*.

(5) The gravitation of the racing itself into a species of trade, carried on by jockeys or runners, while the real money was made and the power retained by those who merely wagered as to the results or dealt in "tips" for the guidance of others.

(6) The control of the entire community, in both its productive and its social life as well as in its more formal political organization, by race-track standards and considerations; for the racers would inevitably constitute the "successful" class, the aristocracy. All that is weak and superficial and mercenary in humanity would fawn to them and to their success and would gladly play into their hands for the sake of a sycophant's reward: flattery, contempt and abuse. Laws would be made and foreign policies framed to protect and foster racing as the one avocation of mankind worthy of national consideration. Formally and informally, by written and unwritten law, the racers would absolutely rule the community. The distribution of all wealth above that going to feed the fieldhands would lie in their hands. The material rewards of life would be theirs to dispense. Any perversion of life into the accomplishment of their desires which could be hired would be at their command. Votes could be baldly purchased when needed. In less dire need, the public opinion which scorned such methods as beneath it, and which prided itself upon sterling independence, could be led by the nose into the same noose, with a little shrewdness, because of its childish subservience to the fashions and the fads of the powerful few and its blind faith in racing for pooled produce as an institution essential to production itself—with which, however, it obviously has no natural connection.

The primary expression of the power of this figurative

"turf" would be the insistent demand for larger and larger capital prizes. It would be represented to the people that the race-course was growing tremendously as an institution (which would be the truth); that it could not be operated with a magnificence and luxury commensurate with the nobility and importance of said people if the capital prizes were not allowed to be enormous (which would be true if the race-track had anything to do with or for the people, which it did not); and that unless these prizes were rapidly increased by the people the racers would refuse to race at all (which would be the baldest of lies). For, in the first place, the people would be much better off with the abolition of racing for their wealth altogether; in the second place, if the supply of million-dollar prizes were cut off, the sporty people would still jockey for the thousands, or the hundreds, or the stray pennies even, which were permitted to be available for that purpose. Not so magnificently, of course, nor so profitably; but as the whole race-track enterprise was a burden upon the value-producing people and an obstacle to the progress of the entire community out of the atmosphere of feudalism and the joust, that would constitute only a gain. *For it is the comparative size of these capital prizes which alone determines the scale of race-track extravagance and of the property of the non-racers.* Neither the average productivity of the producers nor the average speed of the racers has anything to do with it; either may be, and is, increasing indefinitely without any ameliorative effect whatever, because the capital prizes are simultaneously increasing in greater comparative proportion.

The Reality. All of this, and more, this country exhibits to-day, to a degree surpassing any other nation on earth. The above conditions are true to life. It is true that every producer is actually forced at present to consign

his produce to a public pool. For he *must* sell either it or his labor. Grant once that: that he cannot consume the actual produce which he himself digs from natural opportunities; that he must convert it, in public market, into a portion of circulating medium lacking any characteristic identity with his own handiwork; and that he must effect a second exchange of this money for goods regarding the price of which he has no possible thing to say—and the whole proposition is granted. The price which he receives for his labor is merely society's warehouse-receipt for his time put in, supposedly (but only supposedly) the equivalent of the goods created and stored there by his effort and to his credit. It expresses society's valuation of his efforts; but there is no natural relation, still less an equivalence, between that valuation and the real value to society of what he has done. His goods are gone from him, hopelessly, irretrievably. It were starvation to try to retain them. They will support society, but they will not support him. To society they possess value; but society does not return to him value for value received. It gives him valuation instead: a warehouse-receipt, the value of which to him lies controllable in other hands—controllable, at least, to a depreciation of its natural value, although never to an increase.

Grant, further, the proposition that any man may buy as cheaply as he is able and may sell as dearly as he can, and it is granted that he may make this producer's purchasing-power as little as might, and might alone, permits him. By control of the price of goods in the open market, by barter, by pure race-track methods, he may stamp that warehouse-receipt, that certificate of Valuation only, with what negotiability for real Value he is able. The law's permission rests upon no other limitation.

Grant, again, that no man may sell his labor or buy his

supplies without meeting this might opposed to his, without exerting his little own against it, and it is plain that each producer *must* either race or else hire a substitute: for which purpose he usually finds the much accursed walking-delegate the cheapest and most efficient one available; cheaper, at any rate, than the corporation-lawyer, whom also he hires, indirectly.

He, in actuality, as Consumer, has only his warehouse-receipt to show for his productive efforts, as certificate of his laboring citizenship. That receipt does not itself command consumable commodities; it merely entitles him to enter the race as one of the citizens who formed the pool, to see, in the determination of prices thereby, what amount of commodities his membership is to command. If he wins, his certificate is exchanged for a capital prize; it is accorded an egregiously exaggerated, artificial valuation. He can then present it at the national warehouse and receive, of the sort he chooses, incomprehensible wealth of real value: steam-yachts, automobiles and Newport cottages. If he loses in the race, his warehouse-receipt becomes almost worthless; an egregiously diminished, artificial valuation is stamped thereon; it is practically canceled. He can present it at the warehouse and starve contentedly until next day upon what it brings him, or he may tear it up and go and jump into the river; it is all one to the racers. They are not their brother's keeper. He had his chance to race.[1]

[1] *The "Free Social Contract."*—At the railway-station one morning, while awaiting the readiness of my train, I found myself examining the locomotive and pondering upon the "free social contract." Suppose, thought I, that before we reach the city it develops that this locomotive's boiler is defective and bursts, or that some switch-gear has rusted half through without repair, or that some distant freight-agent has permitted lumber or dynamite to be loaded improperly. An accident ensues. We are killed, maimed or, at least, lose property. Yet the railroad com-

To see this process, in all its bald atrocity, deliberately adopted as the national one by any community, would stamp that people as a savagely brutal one. The injustice of the process is too plain to permit escape from that conclusion. Fortunately for one's respect for his fellowmen, in the actual competitive system of the present day the relations are not so visible, so naked, in their grossness as in the illustrative racing-community; they are too intricate. Nor have they been deliberately designed and adopted, as the illustration supposes; they have been blindly inherited from a brutal past. But they are quite as unjust as has been described. Indeed, they are far more so. Words cannot reproduce the inequity, the cruelty, the indifference, the rapacity and the utterly heedless waste of even the known facts of the competitive system, when viewed in the light of clear analysis. Who can say what horrid truth would be revealed by a similar analysis of the unknown and unknowable facts? If a purely biological, individual evolution had brought man, after all these centuries of opportunity for moral growth, to the point where a few men were

pany, let us suppose, will refuse all responsibility because, forsooth, it was our business, as sane adults as well as passengers, to see that all of these things were right before we engaged our passage!

Such a position would manifestly be unjust to the point of absurdity, so obviously unjust that it would not be countenanced by law. And yet the supposed attitude of the railroad company would not be one whit more absurd nor unjust than their very commonly taken position that the price paid for their tickets is a free contract, to which the buyer is as free and responsible a party as is the seller. The factors which go to determine the selling-price of the ticket are no less multitudinous, intricate, technical and remotely beyond the control of the buyer than are the details of construction and organization which affect the safety of railroad travel. Why, in the name of common sense, should the law feel obliged to protect the individual in his innocent helplessness in the face of the latter and not before the former? To a minor degree it does, of course; but so soon as it is urged that ordinary justice demands that that degree be made a major one, action is blocked by the cry that the responsibility of individual initiative is being diluted.

permitted to still exert, consciously and intelligently, such immeasurable cruelty upon so many of their fellowmen, all hope and faith must be lost. The belief in human degeneration, instead of salvation, with time would be inevitable. But the saving clause to our faith in human affairs is the unconsciousness and ignorance of the majority, and the helplessness of the minority who alone seem to feel and see that something is wrong. The bulk of the evil is done by the bulk of the people, by simple everyday bargaining. The keenness of pressure is put on by the few abler bargainers, it is true, but only because the lesser bargainers aid and abet them, anxious to do the same were they only able. Neither big nor little can stop until all agree to stop. The wholesomeness of the chastisement is shown by the fact that the price of its first alleviation, after all these centuries of humanity's refusal to believe that mankind is really a unit, can come only from absolute unity of action. But the agreement is not yet. Neither big nor little bargainers yet see the real cost of that bargaining, the cruel cost of the universal agreement to disagree as to price.

The Evolution of Barter in America. In order to investigate the extent to which these lines of development have actually taken place within our own country during the last half-century, recourse has been had to the statistics of the United States census, from 1850 to 1900, inclusive.

In attempting to distinguish between productive and competitive effort therein is promptly met the difficulty that its classification takes no cognizance of this distinction which we wish especially to bring out, but is based instead wholly upon distinctions as to individual avocations. In reducing this classification to the only scientific one

(albeit one impracticable of adoption in census-enumeration), viz.: by nature of economic activity, a fairly free method of translation has to be adopted. For instance, all "merchants" divide their time between productive and competitive effort, the proportion varying with the size of the business. The same is true of the manufacturer. In such cases a broad estimate must be made of the general proportion between the two sorts of effort which probably exists throughout the entire occupation, as an average. No one of the occupations, in fact, exists purely as labeled in the following classification. Those classed as "wholly competitive," for instance, do accomplish some production of Value. Those classed as "wholly productive" do conduct some competition. But in each case the bulk of time and strength is expended in one of the two sorts of effort, while only a small portion goes to the other. In such cases the occupation is assigned bodily to one or the other classification, the inaccuracy due to the presence of the tithe of the other sort of effort in each of them being considered as mutually canceled. Many of the less important occupations, however, are so near the line between two classes as to make decision as to their destination difficult. In all such cases the effort has been to throw one doubtful case in one direction and another in the other, that they might balance each other and reduce the error to a minimum.

The list of classified occupations of the United States census is therefore divided, for present purposes, into four divisions or classes. The first,

Class A includes all occupations deemed to be *wholly of a competitive or bargaining nature.* This class of occupations would practically disappear were barter done away with.

Class B includes occupations *both competitive and pro-*

ductive in their nature. This class would be largely diminished in numbers and quite altered in aspect were bargaining to cease.

CLASS C includes occupations which, while they might be wholly productive in their nature were there no competition going on, are at present largely perverted into the *aid and comfort of barter,* or, in other words, devoted to *Barter-cost.* This class of artisans would not necessarily decrease in numbers with the abolition of barter; it might be considerably augmented; but the nature, direction and value of its efforts would be substantially reversed from what they are at present.

CLASS D includes those occupations which may be styled *wholly productive.* It is the class into which all the others would be merged, as to their economic effect upon the commonwealth, were all barter to be abolished.

This classification runs as follows:

CLASS A.—*Entirely Competitive:*
- Agents and collectors;
- Auctioneers;
- Bankers and brokers;
- Commercial travelers;
- Officials of banks and corporations.

CLASS B.—*Chiefly Competitive, but partly Productive:*
- Hucksters and peddlers;
- Lawyers; [2]
- Manufacturers and officials;
- Merchants and dealers;
- "Other Persons" in the Division of "Trade and Transportation";
- Publishers;
- Theatrical managers.

[2] The lawyers devoted to civil law belong in Class C; some of them, indeed, in Class A. Those devoted to criminal law belong in Class D. Because the census draws no line between the two sorts the entire occupation was placed in Class B.

CLASS C.—*Productive by nature, but contributive to Competition:*

Bookkeepers, clerks and salesmen;
Draymen, hackmen and teamsters;
Electroplaters and engravers;
Hotel-keepers;
Livery-stable keepers;
Messengers;
Newspaper carriers and newsboys;
Packers and shippers;
Printers;
Stenographers and typewriters;
Telegraph and telephone operators and linemen.

CLASS D.—*Entirely Productive:*

All of the Division of "Agriculture, Fisheries and Mining";
All of the Division of "Professional Service" except lawyers and theatrical managers;
All of the Division of "Domestic and Personal Service" except hotel-keepers;
All of the Division of "Mechanical and Manufacturing Industries" except electroplaters, engravers, printers, publishers and "manufacturers and officials";
Boatmen and canalmen; foremen; hostlers; pilots; porters; sailors; steam and street-railway employees; undertakers; weighers.

As to Classes B and C there is room for discussion. Hucksters and peddlers, for instance, in Class B, might seem to be almost purely devoted to bargaining, but they do accomplish some transportation. They are balanced by the auctioneers in Class A. The lawyers are the most difficult to classify fairly. Those devoted to civil law, which includes the ablest among them, come under the nature of Barter-cost in their activities; but it was undesirable to place them in Class C because it is reserved for occupations "productive, but contributive to competition," and the practice of civil law cannot be considered as in any way productive of value. Had it not been that criminal law must be included as one of the necessary productive occupations, the lawyers would have been

placed in Class A. As it is, Class B puts their efforts in the right direction and to the right amount, although it is only in a technical sense that they "negotiate."

Consideration of Class C brings out how intimately the cost of bargaining has permeated every fiber of our industrial body. It is only upon careful consideration that any connection between some of the occupations of Class C and competition can be seen. Draymen and teamsters, for instance, are occupied almost wholly with transportation; but the bulk of it is transportation not needed to get the goods from maker to consumer, but rendered necessary only by the artificial multiplication of owners and warehouses intermediary between production and consumption and the interminable duplication of effort which is one of the characteristic incidentals of the profit-seeking system.

Nor is this the worst of it. In railroad transportation, for instance, the economies are refined until the cost is measured in some fraction of a cent per ton-mile. But when the railroad's work is done the goods are turned over to a system of transportation, by teaming over cobble-stones, so crude in its characteristics that the cost is measurable only in large fractions of a dollar per ton-mile. It often cost more to get goods from the freight-depot to the warehouse than it does to carry them half-way across the continent. The explanation is that the railroads are each organized and operated upon a thoroughly coöperative basis, each department and each employee being induced and required to direct his efforts in harmony with the others toward a single object. He is encouraged in every possible way to enter into emulation with his fellows, but is permitted to give no attention whatever to competition against them to his own private profit. To illustrate, the spectacle of the motive

power and the general ticket agency departments of a railroad organized competitively as separate properties, each trying to get every cent possible out of the other, or of each machinist in the locomotive-shops trying to secure control of its tool-room in order to tax every other machinist as much as possible for the privilege of its use, would be not one whit more absurd than is the present inharmonious strife in the unorganized teaming business, or between the many departments of the nation's general industrial organization for the purpose of feeding and clothing itself: as we shall plainly see it to be some few years hence.

Between the freight-depot and the warehouse is full instance of this planlessness and strife. The streets are partly owned by the city, partly by street-railway companies and partly by gas and electric corporations—for the nominally complete ownership of the streets by the city becomes, and must ever become, an utter farce so long as the others are permitted to use them for profit-making purposes. The teams are owned by individual owners or small corporations. Each pulls against the other. Each strives to get as much money and to give as little service as he may. The result is cobble-stones and confusion. Why do not the writers upon railroad economics consider the seven mills per ton-mile as well enough to leave alone, while they turn their light upon the enormous wastes of competition visible in urban transportation?

Moreover, even of the more efficient railroad transportation a very large proportion is occasioned wholly by barter. The great bulk of winter passenger-travel and a fair fraction of all freight traffic is occasioned by barter: the first in commercial traveling, of officials as well as salesmen; the second by the dismemberment of each

task of production between so many separate localities.[3]

The same is true of almost all of our phenomenal growth of trolley-traffic; while the summer riding on suburban lines is almost wholly for pleasure, all the rest of it is occasioned almost solely by barter. The same is true of the telegraph and telephone. In fact, it is only when this entire proposition as to barter is fairly well in mind that a realization may be had of how completely its recent growth has been permitted by and subsists upon modern improvement and extension of the facilities for communication and transportation. Indeed, the bulk of all of these occupations might have been assigned to Class C without arousing any very valid question as to accuracy. To be conservative, however, the steam and street railroads have been assigned to Class D, only the telegraph and telephone service being assigned to Class C to counterbalance; but the writer reserves doubts as to whether this properly reveals the extent of competitive cost.

As to electroplaters, engravers and printers, the confusion and inefficiency within their ranks is not so great as in transportation, but the proportion of wasted result of their effort is greater. A glance over the field is sufficient. In newspapers, trade-journals and magazines the proportion of space and cost given over to advertising, as compared with that devoted to reading-matter, is enormous, and it is steadily on the increase. This one topic, advertising, would make a splendid thesis upon the growth of the cost of competition. In book-making, the

[3] The subdivision of the task in specialization upon its several parts is one thing, an invaluable thing; the assigning of each of these subdivisions to unnecessarily competing corporations, with their factories unnecessarily scattered over a score of cities in a dozen States, when one unified organization and premises might suffice for all, is quite another and an immeasurably wasteful thing.

trade-catalogues and circulars stand in tremendously significant proportion over against the books proper. Not only is the mass of trade-publication appearing each year almost beyond estimate, but its quality and cost is of the highest. Practically all of the finest work done in lithography and photogravure is devoted to advertising purposes. In addition to these items of space-advertising and trade-catalogues comes the entire array of leaflets, calendars, posters, street-car cards, circular letters, etc. The mails groan with the weight of costly advertising-matter distributed daily, the great bulk of which finds its way promptly to the waste-basket while the remaining tithe accomplishes a result of no value whatever to the community: the attraction of A's purchasing-power into C's pocket whereas otherwise it would have gone into B's. A few years ago this was all done with printed circulars, calling for one cent postage. To-day these are largely replaced by sealed letters, requiring twice the postage and five times the cost of mailing.

To the suggestion that advertising is necessary in order to keep the consumer apprised as to what is purchasable reply has already been made (see page 172). Bulletins, such as the telegraphic market-reports or the printed consular reports, written upon the same plan and in the same impartial spirit as our book-reviews and scientific bulletins, might supply to the public the most complete information as to every novelty of value currently arising in the world of production, and yet be of not one-fiftieth of the volume of our current advertising-matter or of one thousandth of its cost. In comparison with such methods as these, how much helpful information as to the worth or the unworth of goods purchasable does one get from mailed circulars containing no accurate or reliable information whatever as to the goods advocated, reiterated

ad nauseam, from the highly colored posters which desecrate our public streets, from ubiquitous and frantic adjurations to "Don't be a goose!" or from the most costly announcements of: "W—— whiskey. That's all!"

Moreover, there are many costly forms of advertising which fail to be properly revealed in the classification under discussion. The greater portion of down-town illumination, the multiplicity of electric signs, on sidewalk and housetop, some of them exceedingly elaborate and costly; the desecration of cliff and field with thousands of hideous emblazonments; the sandwich-man and the fake orientals who perambulate the streets; the inharmonious confusion of street-signs, from the impudent intrusion, in letters several feet high, of the names of men you care nothing about and whom you wish never to meet, to that architectural crime, the "yellow front"; the voluminous use of the mails for the transmission of undesired third-class matter, now being rapidly replaced by still more costly appeals by first-class mail; the enormous distribution of unasked, unused and wasted samples, calendars, memorandum-books, etc., etc.—all of these together involve a huge current outlay of labor and raw material, all inevitably destined to dissipation and irretrievable loss, the cost of which appears not at all in the classification of occupations adopted. Wherefore the writer insists that its revelation of the absolute amount of competition now prevalent in the country is safely, even deceitfully, conservative.[4]

So with the rest of the list. Packers and shippers, for

[4] In another and independent estimate of the amount of competition the results attained, including all sorts of barter-cost, netted nearly one-third higher than the figures about to be presented; and this expresses the writer's personal opinion as to the real truth in the case. But as the method then used could not be applied to the censuses of the earlier decades, it is of no use in illustrating the growth of the institution. Moreover, if the

instance, devote the bulk of their effort to conducting the artificially multiplied shipments from one profit-maker to another, or to the needless ornamentation of packages to attract purchase.

But our object is not so much to obtain an absolute measure of the amount of competition present as it is to gain an idea as to its comparative growth. Whether any of these items of classification be justified as accurate or not, the essential points are that the general sweep of distinction is between Barter and Production, that unquestionably the bulk of the two are separated by the classification chosen, and that *it is applied impartially to the several censuses.* If the proportion of competitive effort within the community has increased, it will show plainly in the earlier classes of the list, and in the comparative decrease of Class D. The removal of any few items from one class to another would have a scarcely appreciable effect upon the resultant exhibit. This test, indeed, the author has applied repeatedly.

The Gravitation of Economic Population. Upon this fair basis, therefore, of obtaining a comparison between the several decades which shall be accurate in an absolute sense only so far as may be, the four classes are assigned to Competition or Production, respectively, upon the following plan:

Class A.—All competition;

Class B.—Three-quarters competition, one-quarter production;

Class C.—Three-quarters to (aiding and abetting) competition, one-quarter to production;

proportion of our total industrial organization absorbed by barter be no more than the figures following, or even considerably less, quite all that is necessary has been proven to show the urgency of the need for its abolition.

Class D.—All production.

As the first result of these assumptions is given the following table of *percentages of total industrial population* devoted to competition over the fifty years:

1850	1860	1870	1880	1890	1900
5.7	6.2	7.6	7.5	10.0	11.8

The dissipators are yet comparatively few in number, but their proportion to the whole has more than doubled in the fifty years. The mathematical probability is that in 1906 they will number 14 per cent. of the industrial population, should no change have taken place meanwhile in law or public policy.

The above applies to all population contributive to barter. The figures for the growth of the population devoted purely to barter alone, or Class A, are:

1850	1860	1870	1880	1890	1900
0.24	0.37	0.44	0.62	1.46	1.68

Class A, in other words, had grown, in 1900, to just seven times its proportions in 1850. By 1910 it will probably have grown to nearer ten times its porportions of 1850.

Fig. 11 shows separately the comparative growth of each of the four classes in percentage of total population, taking that for 1850 as unity in each case respectively.

Class D is the most nearly constant, as compared with the others, but reveals a steady decline to less than nine-tenths, in 1900, of its original proportions in 1850. Class B is nearly as constant, but shows a steady increase to nearly 70 per cent. above its original proportions. Class

C, the esquire of Class A, although in the nature of its efforts it largely parallels Class D, experiences a still more

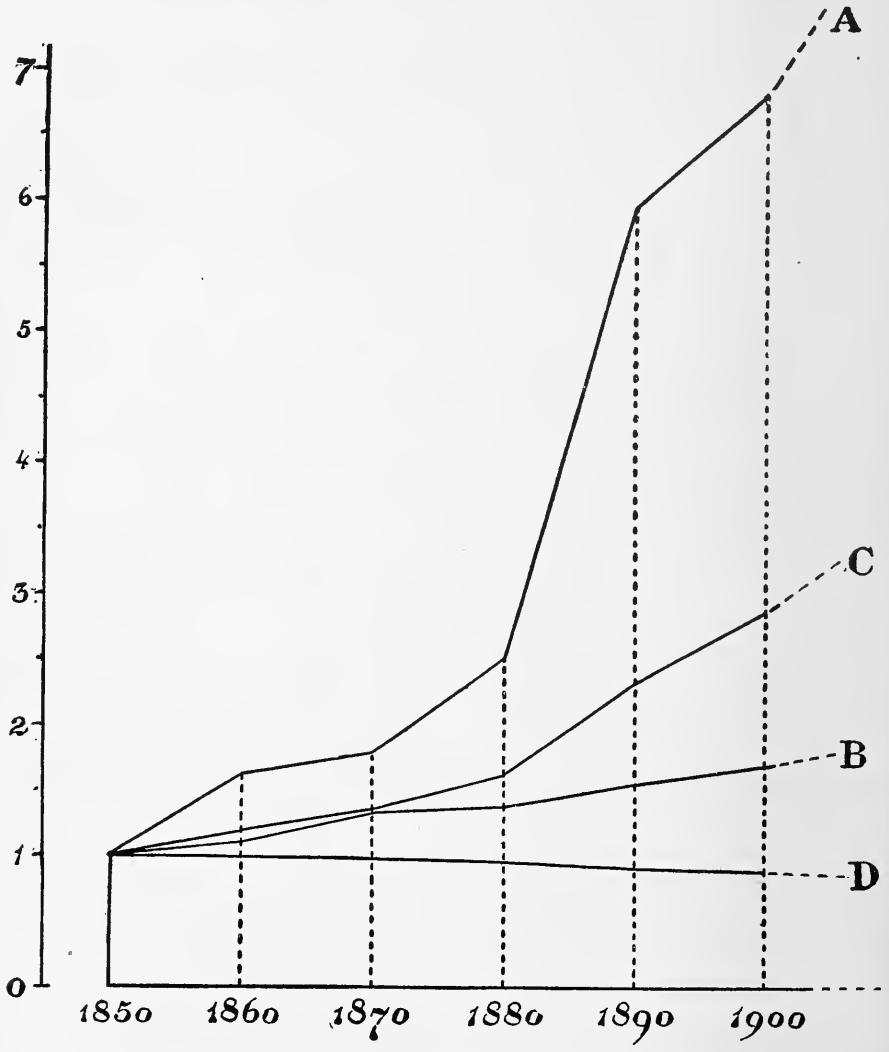

Fig. 11. The Comparative Growth of the Four Classes: Population

phenomenal growth, to nearly three times its original proportions. That is, if the progress of the past half-century

had been merely that due to the growth in population, science and invention, Classes C and D should have experienced growth equally. The marked advance of Class C while D actually goes backward can be explained only by the fact that C is contributive to a vastly growing barter which in turn inevitably restricts the opportunity for the subsistence of Class D.

Finally, Class A, the one of all four classes which should reveal unquestionably any growth which the institution of barter may have experienced, shows a growth to nearly seven times its original size.[5]

The Economic Aristocracy of Competitive Effort. These curves, however, measure only percentages of population. They take no account of the fact that nearly all of the best ability of the country gravitates into the ranks of competition, while the masses still addicted to production average a much lower grade of individual productivity. In order to bring out this point the following diagrams are arranged to display the aggregate economic energy of the several classes, considering the comparative productive efficiency of their individual members, as revealed by their comparative industrial valuation. In the case of the most important of these diagrams, Fig. 12, to the competitive cost thus previously revealed, which included only net profits and barter-cost, was added the economic energy consumed by Capitalism,

5 The progress of this class since 1900, as estimated, is shown by the dotted extension of the curve. It is drawn in at the angle which has characterized the average rate of growth since 1850. It will be obvious, however, to anyone who has observed the phenomenal acceleration of all purely commercial enterprises since the Spanish war of 1898, that the rate of growth during the last five years must have exceeded anything previously recorded during the past half-century. For instance, the Audit Company, of New York, in its "Trust-companies of the United States," reports that of all the trust-companies in existence on June 30, 1903, forty-three per cent. had been organized since January 1, 1901.

including rent, as well as interest or dividends upon " cash, loans and securities." [6]

In Fig. 12 the total height of the diagram measures,

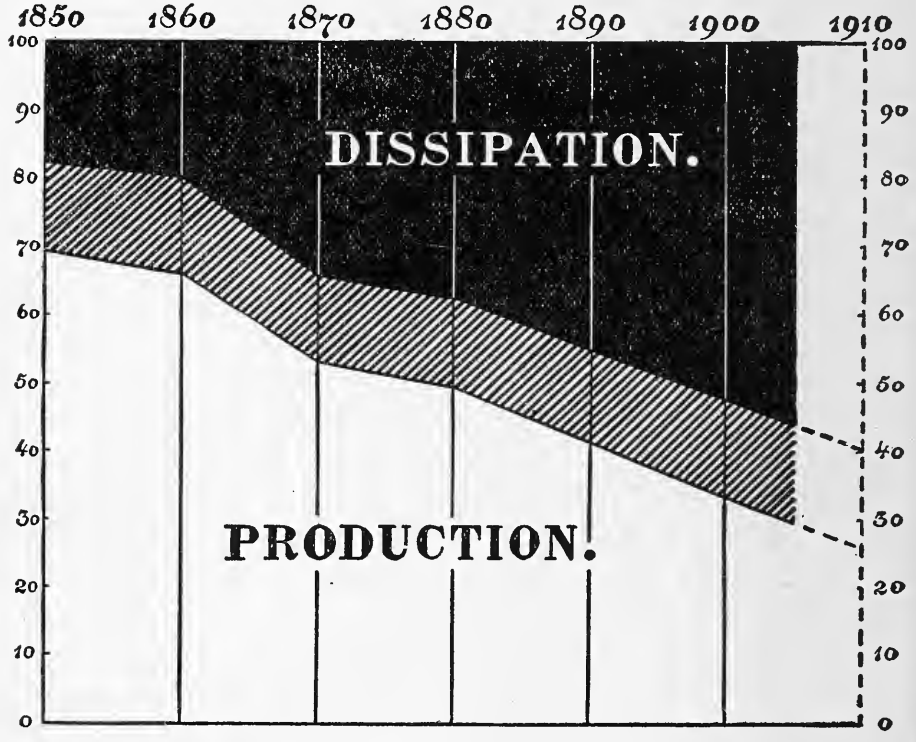

Fig. 12. The Growth of Dissipation and the Inefficiency of the National Economic Organism

upon a different scale for each decade, the total industrial activity then prevailing, as revealed by the total produc-

[6] The method of arriving at an estimate of this current volume of wealth will not be discussed here. Several methods are available, but each is in the nature of an estimate and opens space for endless discussion as to accuracy. The fact that we have not based our line of argument upon statistical proof at all, but reserved statistics purely for the purposes of illustration, and for that of comparative quantitative growth only, justifies this omission. It might be said in passing, however, that the two quite independent methods relied upon for these estimates checked each other within three per cent. For the purposes of a comparative display of the several decades this is amply accurate.

tion of wealth. It also measures at each decade the total Value produced. The curves of Fig. 12 show, by the ordinates of the clear area, the percentages of the total wealth currently available for distribution throughout the entire nation which have been allotted to and expended by the Producers. The ordinates of the darker portion above the clear area show the percentages drawn and consumed, hoarded or wasted by the Bargainers. The area of solid black shows the portions of this last which were absorbed by the individuals unquestionably devoted to economic dissipation, viz.: Class A of the occupations, with the addition of all capitalism. The shaded area shows the portions absorbed in Barter-cost, as revealed by the fractions of Classes B and C, which have been considered as consisting of that sort of activity. The wealth actually lost to the community by dissipation is therefore measured by the total darkened area.

The barter-cost is separated from the pure barter and capitalism for two reasons, viz.:

(1) As additional aid in understanding the situation;

(2) Because all of the questions which may arise as to the justice or accuracy of the classification of some of the occupations as competitive, rather than productive, must be confined to Classes B and C. It cannot possibly be questioned that Class A is practically entirely competitive, on the one hand, and that it fails to reveal all of the competitive effort extant in the country, on the other. It is therefore absolutely certain that the solid black area reveals less than the truth as to Economic Dissipation. It is the writer's firm opinion that even the total dark area, including that merely shaded, is also less than the truth. Granting the fullest benefit of the doubt to any such questions, therefore, the true line demarking Production from Dissipation must pass somewhere within the shaded area.

The showing of the diagram, that the barter-cost of the nation has been sensibly constant for fifty years, cannot be true, however. It is an all too obvious historical fact that it has increased. The explanation of the inconsistency of the statistics with the facts is simple, however. The showing of the diagram is correct; but it measures only the proportionate income of certain arbitrary divisions of society which *during recent years* have been so occupied as to warrant their classification as competitive to a certain degree. But fifty years ago they were not competitive to anything like that degree. Their efforts and their product were the same in nature as now, but the destination of that product was totally different. Then it was largely consumed by the people, in the support of life; now it is consumed wholly by the bargainers, to the destruction of life. Indeed, it would almost be justifiable to state that the portion of this shaded area which is properly chargeable to competitive effort were a direct proportion of the solid black area of dissipation. But whether this be so or not signifies little, for the error is in the earlier, not in the later, years. It is altogether likely that the barter-cost of 1850 was much less than the proportion displayed in the diagram. There is little likelihood that that of 1900 is anything else than greater than what is shown there.

Fig. 12 reveals these proportions merely as percentages of our entire industrial activity. It will provide a more realizing sense of what has been actually taking place during these six decades if the quantities of production and dissipation be shown in their absolute dimensions. Unfortunately, this is impossible. Owing to all of our records being in dollars of Valuation we have no accurate knowledge of the growth of Value-production. It may be assumed, however, that this productivity *per capita* has increased by ten per cent. between 1850 and 1900, which

agrees well with the general appearance of things; that is to say, the average enjoyment of life and growth per individual has increased at that rate. There are many

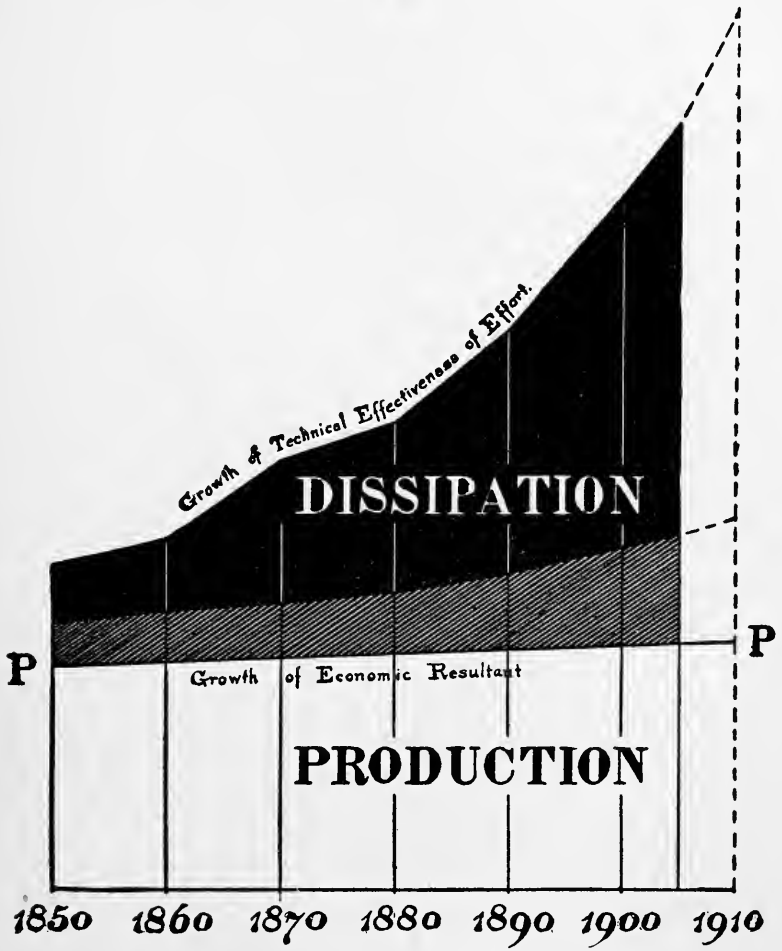

Fig. 12a. The Advance of Invention, Science and Art, and What we get out of it.

who doubt that it has increased at all. If the truth be a higher figure than ten per cent., however, the showing of the diagram would be even more striking. Drawing the line *PP*, of Fig. 12*a*, therefore, at the angle with the hori-

zontal measuring this rate, the recorded proportions of barter-cost and total dissipation appear as the dark areas above *PP*. They show the rapidly increasing burden under which each producer maintains his subsistence and the futility of scientific progress in the face of barter.

It is a fact already stated, and soon to be referred to again in connection with the ethical aspect of this question, that this parasitical growth of competition subsists chiefly upon the natural growth of the community in potentiality for production. It is a familiar fact that, in spite of the recent phenomenal growth of the labor-saving arts, the ability of the individual to subsist in ease has grown very slowly, if at all. For instance, if we gauge the growth of material productivity by the tonnage of steel-output, or of railroad-traffic, it does not appear that the comfort of the individual has increased at a similar rate. It appears, indeed, that the individual has been comfortable only when the total material productivity has grown very rapidly—so rapidly that barter was unable, for the moment, to expand quickly enough to catch up with it and absorb it all. Thus, the volume of freight-traffic has grown recently as follows: 1890-92, 8% per annum; 1892-97, 1.6%; 1897-1900, 16%; 1900-04, 6%. During these years the population grew steadily at about 2% per annum. In other words, when the technical arts grew fast enough to expand our material productivity some three or four times as fast as the population expanded, we enjoyed stationary comfort. When they grew only so fast as the population we had hard times. It is only when they grow, temporarily, some *eight times as fast* that we enjoy prosperity, such as it is. Fig 12*a* explains how this happens.

Class-Evolution Since 1850. Should there still be the slightest doubt left in anyone's mind that the distinc-

tion framed into the definitions of the words Production and Competition measures a real and a most marked tendency in our recent and present economic development, that doubt ought to be finally settled by the showing of Fig. 13. That diagram displays the proportion existing between Classes A and D throughout the half-century,

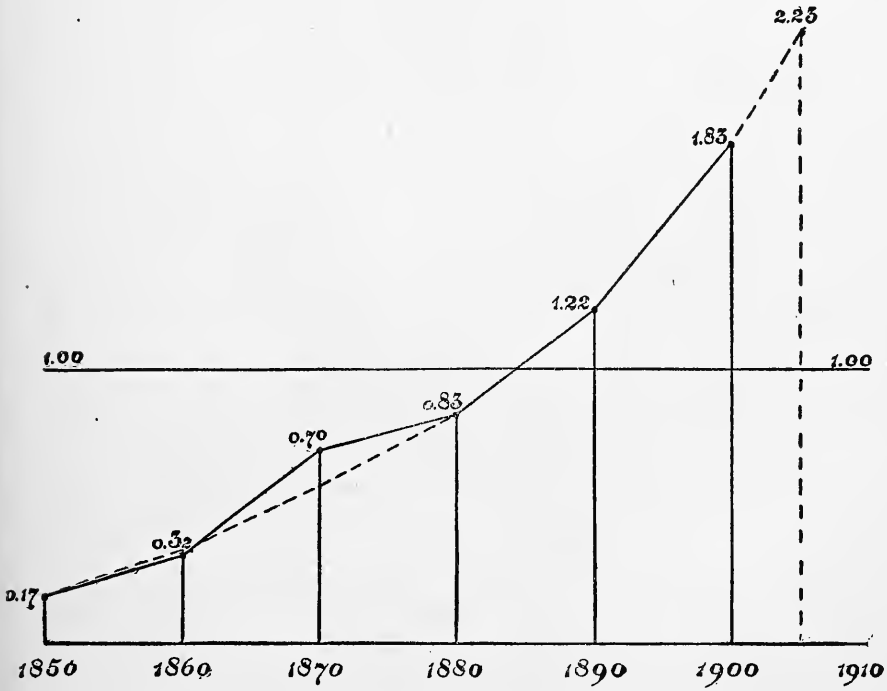

Fig. 13. The Growth of Activity of Class A Proportionately to that of Class D

Classes B and C being rejected entirely from consideration, for the moment, both as being comparatively doubtful in characteristics and as being of minor importance (as shown by Fig 12). It will be noticed that whereas in 1850 the certain dissipation shown by Class A amounted to only 17 per cent., or practically one-sixth of the certainly productive effort shown by Class D, in 1900 it had

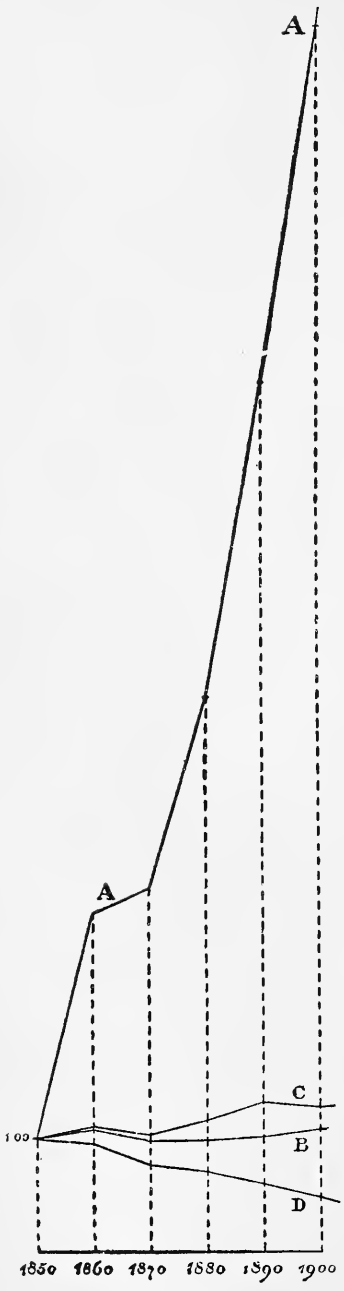

Fig. 14. The Comparative Growth of the Four Classes: Income

grown to be 183 per cent. of it, or nearly eleven times as great in comparison By 1905 it promises to have reached a relative proportion thirteen times as great as what it possessed in 1850.

Comparative Evolution of Purchasing-Power. Fig. 14 shows the comparative evolution of the aggregate income for each of the four classes separately, the original proportions of each in 1850 being taken as the basic unit of comparison. While in all of them is visible the depressing effect of the Civil War in the 1860-1870 decade, yet each evinces a characteristic tendency which is followed with practical consistency throughout the entire half-century. Classes B and C receive the most nearly constant proportion of the national income, as might be expected from their comparatively neutral natures; yet their leaning toward competition preponderates over their portion of productive effort, as is shown, in connection with the facts presented elsewhere, by their quite visible tendency to increase. By 1900 the proportion going to Class B had become some 9 per cent. greater than

what it was in 1850; that of Class C had increased by 27 per cent. Class D, on the other hand, shows not a steady, but a regularly increasing, *decrease* in its proportion of the aggregate income. During the first thirty years after 1850, to choose a period long enough to reach well to either side of the Civil War, its loss averaged 9.6 per cent. per decade; during the twenty years next following, extending down to 1900, its loss was at the rate of 11.6 per cent. per decade. By the end of the century it had fallen to only 48 per cent. of what it was in 1850.

When the number of people affected by this loss on the part of Class D is considered, its significance as to our national welfare and happiness becomes enormous; although the diagram, in order to include the record of Class A, had to be arranged upon a scale which lends it little emphasis. The truth comes out, however, both as to the enormity and the explanation of the loss, when attention is turned to the phenomenal growth of the proportion of national income allotted to Class A. By 1870 it had grown to over three times its proportions for the year 1850. During the thirty years intervening between 1870 and 1900 it grew at the average rate of *two hundred and fifty-four per cent. per decade,* attaining, by 1900, a size nearly eleven times as great as what it claimed as its own in 1850![7]

[7] One interesting point is brought out by the fluctuations in the curves at the time of the Civil War. Fig. 12 reveals a marked increase in the proportion of economic dissipation in the country at that time. Fig. 14, however, shows a smaller growth of Class A for that decade than for any other. The explanation is that that period witnessed an enormous expansion of capitalism, due to war loans both public and private. The absorption of the country's adult males, and especially of its ablest men, into the ranks of the army, however, placed a marked damper upon all commercial development, promotion and negotiation. It is altogether probable that all of the growth of Class A visible in Fig. 14 for that decade took place in its latter half, the first half very possibly showing negative progress.

The Irrelevancy of Technical and Scientific Progress. It is ever to be remembered, in considering these diagrams, that all effect due to the growth of either population or the arts has been eliminated. These diagrams exhibit *proportions only*. That shown by one class can increase only by the corresponding decrease of that of some other class.[8] See also page 257.

Industrial Inefficiency. The most striking revelation in Fig. 12, to the practical man, is not one concerning individual injustice, oppression of the poor or aught of that sort. It is the astounding *inefficiency of organization* of the entire industrial and commercial body, viewed as a unit-device existing for the purpose of supplying the Consumer with goods. In this display can arise no question whatever as to individual efficiency or inefficiency, by the shifting of the blame for it upon the shoulders of the laborers. Their productivity has undoubtedly markedly increased during the half-century, by the general rise in standards of public education; yet the diagram shows a steadily and rapidly decreasing proportion of the aggregate production of wealth returning to them. Nor can there arise any question based upon the recent growth in the arts and sciences, in modern machines and methods. They certainly have also increased in productivity, with even less doubt. But both of these factors are eliminated by the adoption of *percentages of*

[8] It is proper to remind the reader that these diagrams are based not only upon the statistics of population to be found in the census-reports, but also upon their modification by the varying average incomes for different classes and times. There is no question more the subject of vehement discussion and difference of opinion than this last. Therefore the author deems it best to say merely that he has used figures which he believes to be correct in their representation of actual conditions. The important point to be noted is that the widest differences of opinion upon this point would not materially alter the conclusions to be drawn from the diagrams.

total actual production as the thing exhibited. The aggregate production at each date, whether it be greater or less than at earlier periods, has been considered as the unit-base upon which to build all comparisons and has been called " 100 " upon the vertical scale of wealth-distributed in Fig. 12. Looking at the total industrial and commercial organization as an apparatus, not for the production, but for the distribution of wealth, after the latter has been completely produced,[9]—at the efficiency of Production and Natural Exchange when Barter is superimposed, as compared with Production and Natural Exchange alone,—it appears that in 1850 that efficiency was practically 70 per cent., that by 1880 it had fallen to 50 per cent. and that in 1900 it had gotten down as low as 34 per cent! The most remarkable thing about the situation is that the machine has not ceased operations altogether, absolutely stalled—so labored, so noisy, so full of cross-purposes, interferences, friction and impact, developing heat and wear at every contact, is its lumbering operation. Mathematical probabilities permit the estimate that by the time these pages reach the reader (1905) its efficiency will have fallen below 30 per cent.; while by 1910, unless some fundamental change be made in public policy and law in the meantime, this figure will have reached the impressive point of 26 per cent.—with the development of what degree of heat of controversy and conflict, from the 74 per cent. of national energy perverted and wasted in the

[9] It must be remembered here that, whereas in current economic discussion the term " distribution " is commonly used to refer to the transportation or to the retailing of material commodities between the factory and the consumer, in the present work this task is included as a part of the work of Production. The term " distribution " is here reserved to cover the apportionment of the purchasing-power, the " dividing-up " of the spoils, resultant from the nation's current production (including transportation) of Value.

conflict called competition, and with what further instability of social life, no man may dare to predict.

A great deal is being said in the current periodical press, chiefly by the hard-headed, self-made, "practical" man, about the inefficiency of the lower classes as the cause of all poverty. The industrial organization, just analyzed as to its efficiency, lies wholly in the control and under the direction of the topmost classes (scaled in a commercial sense), in the hands of the very class of men who make these unjust and superficial statements. Where is the man among them who would tolerate in his own factory or office an efficiency of organization as low as 70 per cent., a loss of 30 per cent. due purely to its members being permitted to work at cross-purposes and with duplicated effort? Who among them would permit that efficiency to fall steadily with the passing years without doing something adequate to prevent it? Who among them would for an instant deny that he ought to be summarily dismissed from authority, in disgrace, if he let it drop from 70 per cent. to 60, from 60 to 50, from 50 to 40, and let it finally touch 30 in the opening years of this twentieth century of promise, before he gathered himself together to the realization that things were going radically wrong and that decisive action in the direction of fundamental reform were absolutely necessary?

Is Nicholas Romanoff alone in his bourbonism? Is he so peculiarly incompetent? Have these captains of industry and arbiters of human destiny no other remedy to offer for such egregious maladministration than a little lower tariff,[10] a variation in the currency, a few more libraries, a little more science, an additional park or play-

[10] Because this argument aims at the clear understanding of fundamentals, as a first requisite for understanding details, the discussion of such an important subject as the tariff is relegated to a brief footnote such as this. The occasion cannot be passed, however, without at least the bare state-

ground? These are all good, but all except the first have grown steadily while this inefficiency has also grown. Are these leaders of men so incapable as not to see the microscopic disproportion of these alleged remedies to the social disease for which they are prescribed, their gross irrelevancy to the problem presented by a national efficiency, not of average units, but purely of organization of those units, of a bare thirty-odd per cent.? Are they so superficial as not to see that the lack of playgrounds and schools and libraries and free trade are an incidental result, and in no sense a precedent cause, of this inefficiency? The organization which is so inefficient, the industrial and commercial organization which makes all wealth and all poverty, is wholly within their hands; the parks and schools and libraries and the tariff are in the people's. It is the commercial magnates who enjoy all the privileges of industrial control; upon them lies the fullest responsibility for its net results. Are they stupid and inefficient, these

ment that of all of the instruments employed by the barterers for both hoodwinking the people and at the same time forcing from their pockets a larger profit than would otherwise be possible, no single one can be mentioned which has been operated upon so gigantic and systematic a scale as has the tariff. It cannot be considered possible that the enormous growth of profit-making enterprise shown by these diagrams would have been feasible without its aid. If the "encouragement of infant industries" may be taken to mean the inflation of profit-making powers, then the tariff has been phenomenally successful in accomplishing just what it set out to accomplish. But it cannot be supposed that the people have understood the proposition in those terms.

As these pages are being written arises one of the most striking bits of evidence of the complete control which profit-seeking has obtained in the most civilized countries, and of the insistency of its growth: in the British agitation in favor of a tariff. There the profit-seekers have found that they cannot successfully compete, without its aid, with those countries which possess it. All talk of its consolidating the empire is a mere dress-parade argument to cover this. But the success which this implies that they will gain, from its acquisition, is not the success of the people, but the "prosperity" of the money-makers, evidenced chiefly by the discontented strikes of the laborers and by high prices to the consumer.

barons of commerce, that matters get into such shape in their hands, and puerile, that they offer such childish remedies? Or are they merely unpatriotic and selfish, not really interested in that task of supplying the people cheaply which they so noisily claim as their own divine right, when advantage is to be gained thereby—going to the greatest trouble to attain those "understandings" whereby the market is controlled and prices enhanced, but offering never a conference aimed at the elimination of all profit and the supply of commodities at the cost of production?

The country is waiting for an answer; but it will not wait long nor patiently. The Consumer pays all the bills. He buys the raw material, hires the labor, rents the ground, interests the capitalist and pays the cost of barter and the net profit—through his agent, the manufacturing superintendent or manager. The employer, the capitalist, the bargainer and the laborer are alike his stewards. From them all he is soon to exact an account.

For the consumer, as an average man, sees plainly that something is wrong, that life is not bringing to him what it ought; that it is bringing to a few others, if not more than it ought, at least very much more than it does to his equally deserving self and family. Though he cannot yet see how it comes about, it will not be long before he does. The situation is complex, the robber's tracks are skillfully covered and are easily lost in the crowd; but only for a time will their evasions suffice. For the moment only is the conclusion commonly rife that the country is going to the demnition bow-wows and that naught can be done to help it. For it is too plain that it is not, that it is merely gravitating into the hands of the demnition bargainers. Like a black tornado-cloud out of a clear sky, filling the whole visible horizon, their burden of economic

dissipation of a nation's wealth is sweeping over the doomed land. There must be few who cannot see it. Its dire weight of whirlwind disgregation, destruction and death bears down upon our fair, free civilization with a menace immediate and awful.

Fortunately, though, in its track are no dark cyclone-cellars for men to flee to, calling witness to the wrath of God. From this gigantic penalty for our ignorance and selfishness, nationally organized, there is no escape and no excuse. Face to face with it must the nation stand, as a man, acknowledging the ogre as the child of its own past folly, fighting now its own unnatural offspring to a finish, for life or death. For from the hands of the bargainers we must wrest back our own, our heritage of freedom, of initiative and of full enjoyment of what prosperity we ourselves produce, or we must die. As a rope of sand, as a mere mass of uncohering particles, formless, forceless and without issue, we may continue to exist without it. But as a nation, a unit-people, possessing a concrete past, an origin of which we are not ashamed, a present we dare to call our peculiar own and a future destiny the mold for which we even now carve fearlessly—as all such without it we must die, as surely as we must have died had we faltered and failed in 1863.

Injustice to the Individual. But the side of the situation which rises higher than mere questions of economic efficiency, into those of public justice and individual liberty, remains yet to be diagrammatically displayed. Since the proportion, both of enforcedly unemployed and of those accepting the starvation-wage, to the total population of their layer is directly dependent upon the proportion of competitive to productive effort, Fig. 15 has been arranged to display this last. (See also pages 168 and 169.) In it the curve *AA* gives the proportion between

the wealth going to Class A and to capitalism, on the one hand, and to the entire Productive Division, including the fractions of Classes B and C, on the other. It is to be

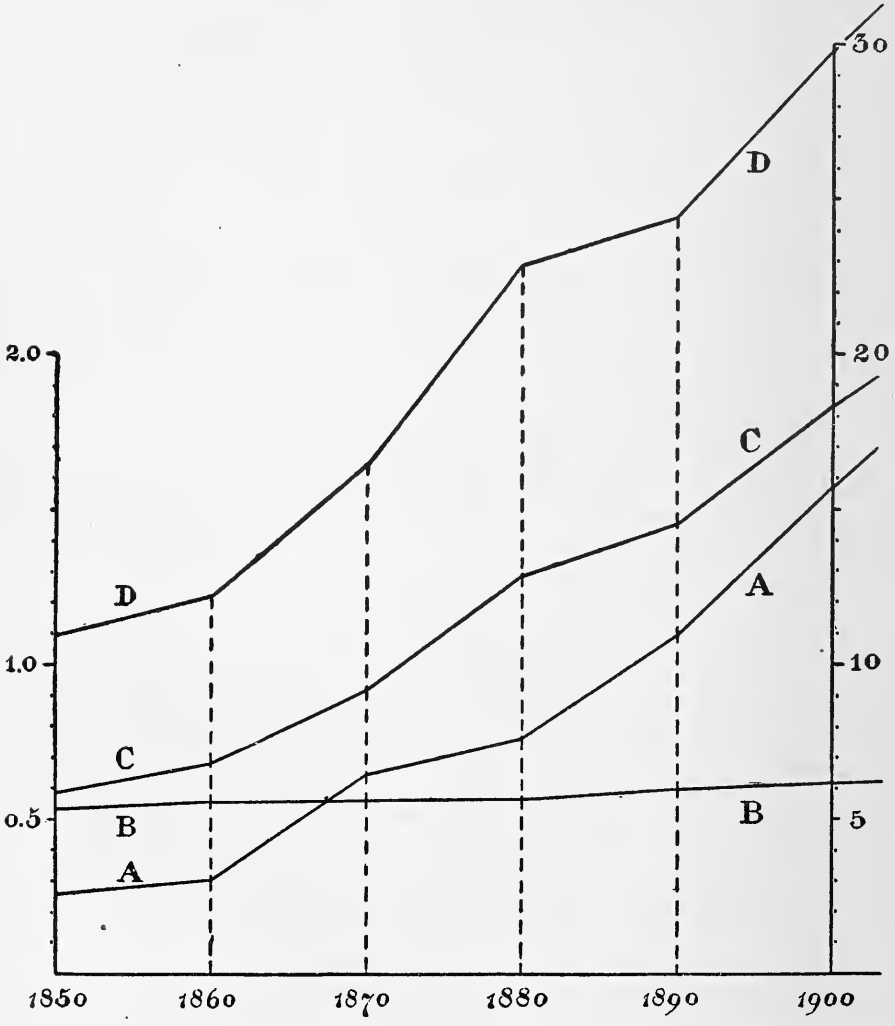

Fig. 15. The Comparative Growth of Productive and Competitive Activities: Aggregate and Individual

read upon the left-hand scale. It is the same curve as *AA* of Fig. 14, but with capitalism added, showing that the latter has not grown nearly so rapidly as has pure barter;

the earnings of capitalism, however, fall into practically the same hands which receive those coming from pure barter.

The curve *BB* displays the growth of average individual income of the producers, referred to the right-hand vertical scale read as hundreds of dollars per annum. This curve is not to be taken as displaying actual incomes; it is a species of coefficient, proportional to them and not very far from coincidence with them.

The curve *CC* shows the growth of individual incomes for the bargainer-class by similar coefficients, and should be referred to the right-hand scale read in thousands of dollars per annum. It applies to Class A and three-quarters of Class B taken together, all capitalism being assigned to them also.

The curve *DD* shows the growth of proportion between these individual incomes and those received by the individual producers. It is to be referred to the right-hand scale, read as units.

The curve *BB* shows the income of the producer to be steadily, though slowly, increasing. This is undoubtedly true, when measured in dollars and when the unemployed are left out of consideration. Whether it has grown or not when the purchasing-power of these dollars is considered, or when the unemployed (many of them being in our asylums and prisons) are also included, as necessarily supported at the expense of production, is a question to which no definite answer can be given here.[11]

The curve *AA* gives a measure of the growth of our

[11] It is perhaps unnecessary to point out that although the taxes which support our charitable institutions are nominally paid chiefly by the business-houses, yet in fact the entire sum is paid by the producer and consumer, between them. High taxes, always included as one of the "costs of doing business," constitute one of the commonest excuses for the necessity for low wages and high prices. Every cent paid out by the bargainers in the form of taxes is charged up against and taken out of the public in one of these two ways.

national or *collective* loss of morals involved in the unjust distribution of wealth; for it will be developed later that income awarded either to idleness or to destructive, dissipative effort, at the expense of productive effort, is inevitably converted into a destruction of either public or private morals. While, as ever in social ethics, the penalty for misconduct does not necessarily, nor even usually, fall upon the individual committing the fault, it falls just as surely somewhere within the body politic.

The curve *DD* gives a measure of the *individual* injustice done in this same way. In 1850 the average individual income allotted to these selected classes of bargainers was eleven times that given to the producer; in 1900 it had grown to be thirty times as great.[12]

Enforced Idleness. Indirect evidence in incidental support of the general position which has been outlined in the preceding pages is found wherever statistics throw any

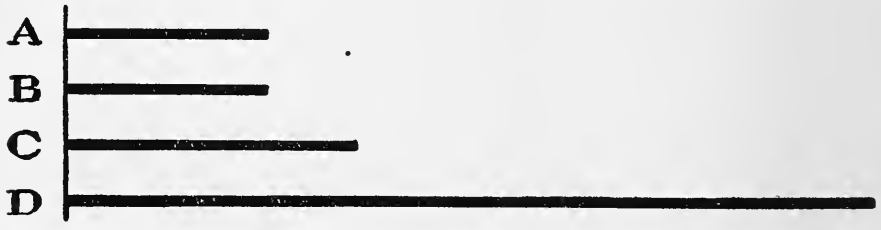

Fig. 16. Comparative Percentage of Unemployed in the Four Classes.

light whatever upon the distinction between productive and competitive effort, so neglected in existing collections of data. The percentage of unemployed in the several classes in 1890 was: A, 4.4; B, 4.4; C, 6.3; D, 17.6. This is shown graphically in Fig. 16. The unemployed are present in all four classes, showing the presence

12 These figures, it must be remembered, are based upon only a part of the total population: the industrial body, consisting very largely of adult males.

of horizontal competition within each. They are most numerous in Classes C and D, showing the presence of vertical competition between the several classes. The same thing is visible in Fig. 17.

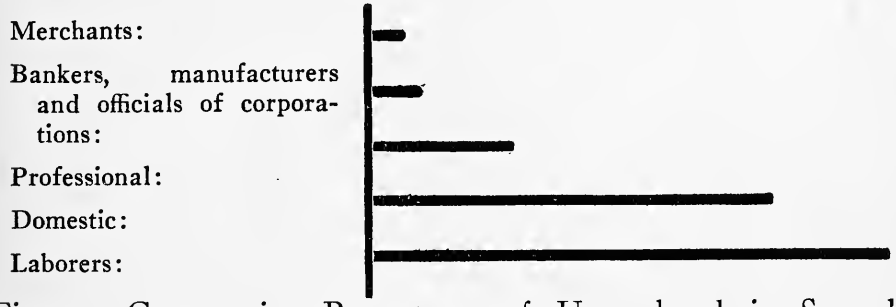

Fig. 17. Comparative Percentages of Unemployed in Several Avocations

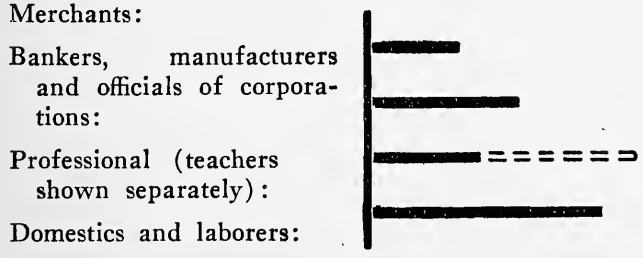

Fig. 18. Comparative Percentages of Unemployed in Several Avocations of Negro Population

A comparison of Figs. 17 and 18 is interesting. In the first place, if unemployment were due to a lack of either enterprise or efficiency on the part of the individual, the negro race should certainly show a much higher percentage of unemployed than the whites. But it does not. Its average percentage, for all occupations, *is about equal to that in the professional class among the whites,* the one class embodying the highest standards of education and devotion to duty found within the nation. The explanation is that both the negro fieldhand and the

professional white belong, economically speaking, together in the lowest class, that of the producers, which suffers most from the vertical competition of the bargainers above them.

In the second place, the difference in lack of employment between the several sorts of occupation is much less among the negroes than among the whites. This may be partly due to the negro's love for high-standing titles and occupations, even if unremunerative; but it is also largely due to the fact that in the agricultural and comparatively backward South competition is much less keen and well-developed than it is in the more commercial North. This alone explains how it happens that the proportion of unemployed among the negroes is less than one-third as great as it is among white domestics and laborers, a class certainly surpassing the negro in both education and energy.

The Decline of Horizontal and the Growth of Vertical Competition. Fig. 19 shows, by its three curves, factors pointing to the continuous and recently rapid extension of the above process.

Curve *A* shows the growth of capitalism per manufacturing establishment, in terms of that prevailing in 1850 as unity.

Curve *B* shows the growth of capitalism per employee in the same, similarly referred to that of 1850 as a base.

Curve *C* shows the proportion of capitalism to wages *in manufacturing establishments,* similarly referred to 1850 as the standard.

In interpreting these curves it must be remembered that they are based upon data stated in terms of valuation, not value.

Curve *A* shows the growth of capitalism per manufacturing establishment. It thus measures approximately, though not exactly, the progress of consolidation in manu-

facture. To this extent it is also a measure of the disappearance of horizontal competition. That is what consolidation is for: (1) to save to the combining establishments the cost of mutual competition; (2) to

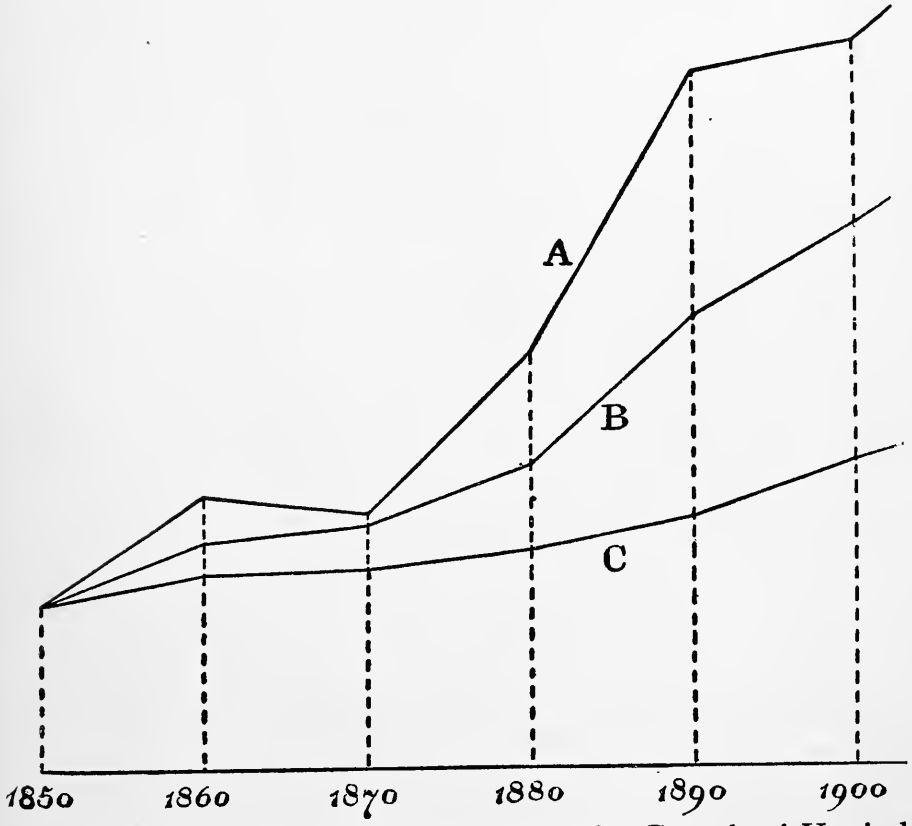

Fig. 19. The Decline of Horizontal and the Growth of Vertical Competition

strengthen them for vertical competition against the Labor and the Consumer below them. The public, thinking competition to be a source of economy, blames them for removing it. The "trusts," wishing to allay the turbulence resisting their taxation, reply that the people get the benefit of these economies due to the elimination of competition.

It is doubtful if it be worth while to disprove that statement, or misstatement. It is doubtful if any serious-minded person takes it seriously. But if disproof be needed, these various curves give it. If the horizontal competition which disappears is not replaced by that more vigorous vertical competition against the consumers and employees below for which the situation gives opportunity, then all of these curves should show a decrease of all of those factors which are the inevitable accompaniment of competition. In other words, if the decrease in horizontal competition which is plainly visible in current consolidation is accompanied by that decrease in vertical competition which the trusts allege, then the total competitive effort of the country must be doubly on the decrease, and all of these curves will show it. But none of them do so. The total amount of competitive effort is plainly shown to be steadily and rapidly upon the increase. It is hinted at by curves *B* and *C* of Fig. 20, each showing a part; it is shown in full by the total darkened area of Fig. 12. Since the equally steady and rapid decline of the total volume of horizontal competition is universally admitted to be taking place (although the intensity of competition over each detailed transaction which still lies open to it is ever increasing), this must mean that both the volume and the keenness of vertical competition is increasing in geometrical ratio. This conclusion is corroborated by any cursory observation of current economic progress: the rising prices of the staple commodities and the decreasing purchasing-power of the wage-earning consumer.

The Evolution of Manufacturing Methods. The tendencies of the times are shown plainly in the progress of manufacturing conditions during the decade from 1890 to 1900, though the statistics of manufactures do not commensurately reveal the similar progress for the

country as a whole because of the specialization upon competition which has already been mentioned. During the decade in question:

	PER CENT.
The Number of Salaried Officials, Clerks, etc., decreased	14
Their aggregate salaries increased	3
The Wages of the Workmen increased	23
The Valuation of the Products increased	39
The Valuation of Raw Material consumed increased	42
The Capitalism increased	50
The "Miscellaneous Expenses," which includes the bulk of those chargeable to the Cost of Competition, increased	63

Most of the "salaried officials and clerks" are those engaged in shop-accountance. The decrease in their numbers shows plainly the consolidation going on. The increase of 3 per cent. in their incomes cannot constitute a true increase in proportionate activity gone in this direction, for the products resulting from their efforts have at the same time increased by 39 per cent. In fact, the figures only become illuminative when based upon valuation of output. Thus translated they appear, in percentage of alteration per dollar's worth of commodities produced:

	PER CENT.
Number of Clerks, etc., decreased	38
Their aggregate salaries decreased	26
Aggregate wages decreased	11.5
Valuation of Raw Material increased	2.2
Capitalization increased	8
Miscellaneous expenses increased	17

If, as is urged by the "trusts," and by most businessmen as well, the valuation of commodities visible in their market-price is based upon their cost of production, the saving of cost through consolidation going to the consumer, why do not the figures for wages and salaries saved find the figures for valuation of output following them closely? Since they most plainly do not, where does the saving go to? Most plainly, also, into those items which have increased. Wages and salaries have both decreased per dollar's worth produced; capitalization and "miscellaneous expenses" have increased and swallowed the savings up. Increase of capitalization means increased interest-payments. Increased "miscellaneous expenses" means the stretching of an elastic canopy which covers, we fear, a multitude of sins. Not only does it include such normal items as advertising, legal counsel, etc., which are purely costs of competition, but it is usual to charge up to just such non-committal ledger-accounts the payments made upon the most questionable scores which investigation of the corruption of government officials has yet revealed. That such might naturally be the case is the more obvious because the elimination of horizontal competition between peers, which is so evident in the dismissal of the clerks, correspondingly eliminates all excuse for increase in the more legitimate expenses of competition, such as advertising, etc. The extra money made available by this saving is used to somewhat increase the intrenchment of the organization against the demands of labor, but much more generally to fortify it more impregnably against the consumer. And when horizontal competition is once removed, the only rampart left to the consumer is his representative government and its law. It is against the disruption of this institution, therefore, that the most powerful ammunition of the barterer is directed.

Fig. 20 presents the general lines of recent evolution of the manufacturing portion of our industrial body, based upon the statistics of manufactures in the United States censuses. The several curves show the variation of the several factors entering into manufacture *per million-dollars'-worth of product.* The object of this choice of basis is, among others, to eliminate temporary fluctuations in the prices in which commodities are measured. That this is accomplished is shown approximately by the regularity of the curve *EE,* exhibiting the value of raw material entering into each million dollars' worth of output. The only reason why this might vary is the inclusion, in the later decades, of a greater amount of alteration of this raw material in a single " establishment," as the result of consolidation, which would cause the curve to drop. Although " consolidation " does not necessarily imply this, referring rather to consolidation of ownership than of factories, it is quite likely to have happened. If it has, it is not revealed by the curve, which remains sensibly horizontal. The only thing which could keep it so, in the face of such concentration of productive processes, is a general rise in prices of raw material, which is also quite probable, though not proven.

Curve *AA* shows the number of establishments per unit-valuation of output to have enormously decreased. Viewed upside down, this would give an idea of the valuation of output per establishment. This proves, more than anything else, that the scale upon which all productive processes is carried out has grown egregiously.

The curve *BB* shows the capitalization per unit of valuation of output. Until 1880 the natural tendency of the real worth of material capital per unit of output to remain constant is obvious; but by that year the bargainers had learned the value which could be diverted into their

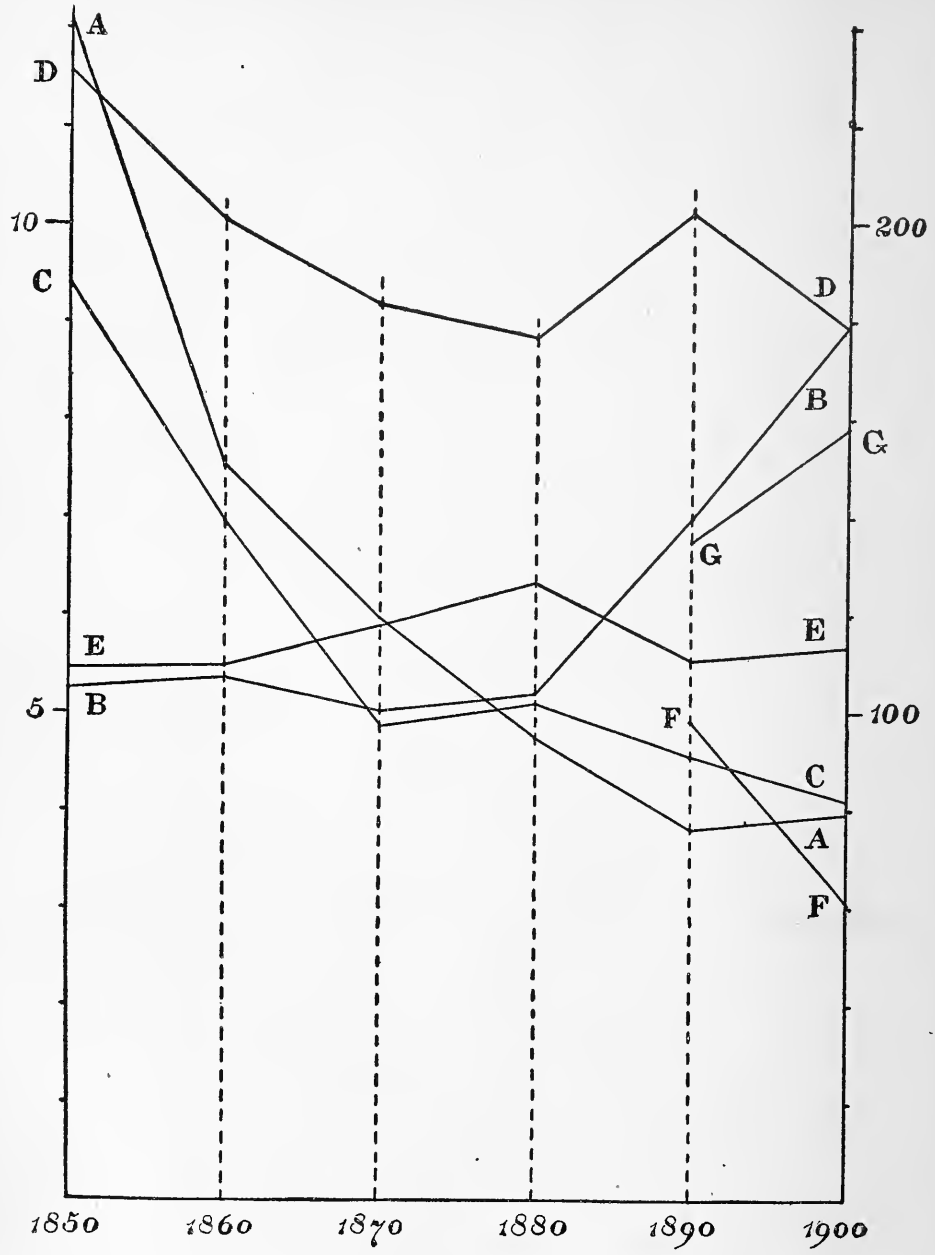

Fig. 20. The Tendencies of the Times in Factory-organization

pockets by the artificial inflation of the capitalization attached to this capital, and thereafter it rises rapidly.

The curve *CC* shows the number of wage-earners per unit of output, steadily decreasing. Now, if it were true that the wage of the producer were based upon his productivity, this very marked drop in the number of workers required to produce a unit of valuation should result in the return to the wage-earners of an inverse, a greater, proportion of the valuation produced. Curve *DD* shows what they actually get. Instead of its being in inverse proportion with *CC* it is in direct and fairly proportionate parallelism: the less the number of workers required to produce a dollar's worth of goods (or the greater valuation produced per workman) the less of that dollar goes to labor as wages.

The curve *FF* shows the decrease in number of "salaried officials, clerks, etc."; also quite approximately the decrease in aggregate cost for their salaries. It is this saving which the "trusts" assure the public it is the object of their consolidations to conserve to the people.

How sincere is this representation is shown by the curve *GG,* which exhibits the increase in "miscellaneous expenses," going wholly to increased cost of competition, and (as pointed out above, since this very consolidation has decreased horizontal competition) entirely to increased keenness of vertical competition against the consumer.

How sincere is this representation is also shown by adding together the expenses for the "salaried officials and clerks" (which was to be saved to the public) and the "miscellaneous expenses" having chiefly for their object the more complete enthraldom of the public in the power of these barterers. In 1890 the two together amounted to $109,100 per million dollars' worth of manufactured commodities; in 1900 they amounted to $109,900. All

that was saved by the consolidation, and more, has been lost in increased "cost of doing business." So far as the public can see from these items alone, it has lost just $800 per million by the ten years' progress. But in point of fact it has lost very much more; for the $11,700 of increased cost of doing business per million has been expended entirely in insuring the further loss of the public in other departments of supply than mere manufacture, in trade, transportation and finance, none of which is visible in the statistics displayed.

That commercial (not factory) consolidation does not necessarily lead to economy in production is shown by the rise, during the decade of 1890-1900, of the curve *AA*, which had fallen steadily and rapidly since 1850. During this decade the consolidation of commercial interests was more phenomenal than ever before in economic history, particularly in 1898-99. Yet the figures show an actual decrease of valuation of output per "establishment"; the latter word being understood to mean the material factory, and not the unit of commercial organization. In either case the showing is bad enough.

Specialization Upon Vertical Competition. The rapidly increasing specialization upon competition makes any direct measure of this increased pressure of vertical competition next to impossible. Entire corporations are formed for the purpose of carrying on competition, relegating the actual manufacture more and more plainly into the hands of salaried superintendents or of quiescent corporations which perform the same function, the latter often being paid in the same manner. Nor is it alone that these corporations specialized upon competition are getting to be the rule; they are coming to monopolize the best personal talent of the country and to grow to a size which their productive partners do not seem to

be able to follow. In addition, a whole species of other corporations is springing up, each specialized upon some weapon of their warfare. There are corporations for writing their advertisements, and corporations for illustrating them. There are corporations for mailing their tracts. There are corporations insuring them against the results of counter-attack by employees. There are others insuring them against a like desperation on the part of the public. There are corporations for providing them with capitalism. There are corporations for securing them franchises, charters, etc.; of which last class by far the most efficient is the unchartered corporation known as the political machine, which is just as purely a profit-making organization as is any of the others, and for which these others supply the daily sustenance and vital energy in their patronage with a share of their net profits. There are even schools and periodicals devoted to training for success in almost every department of the above tactics; in all of which " success " means pushing your neighbor back and getting in ahead of him—for one cannot get in, in barter, *except* by pushing another out.

Referring to Fig. 7 (page 198), the increase since 1850 of the area measuring capitalism, in proportion to the area lying below it, is indicated in part by curve *C* of Fig. 20. It is only in part, however, for Fig. 20 refers only to manufacturing establishments, and the great bulk of the recent expansion of capitalism has been in the formation and development of corporations devoted purely to bargaining, not manufacturing. The growth, though comparatively slow, has been very steady; unbroken even, as have been most of the other processes, by the Civil War. It is thus seen that the doctrine of the Karl Marx school of socialists, holding that poverty is due to the income drawn away from the producer by capitalism, while pos-

sessing a firm foundation in fact in so far as some income, and a steadily increasing one, is thus abstracted, is nevertheless totally incommensurate to explaining the situation. Fig. 7 itself shows this. Also, compare curve *DD* of Fig. 14 with curve *C* of Fig. 20. The former is what the producer is losing; the latter is what capitalism is gaining; portrayed upon comparative vertical scales, moreover, which almost conceal the contrast which is really there.

The same argument covers Henry George's single-tax explanations of progress and poverty. Vertical competition taking the form of private ownership of land, or landlordism, is oppressive to the producer. There can be no question as to that. The same is true of vertical competition taking the form of the private ownership of the material aids utilized in production, which is what Marx indicts. But both together constitute only the area labeled "capitalism" in Fig. 7. They are hopelessly outclassed when it comes to explaining the enormous volume and the bitter intensity of the oppression of the producer which results from the combination of both vertical and horizontal competition, of landlordism, capitalism, barter-cost and net profits heaped together, with the Submerged Tenth for a foundation and an essential part.

Production and Consumption. If that portion of Fig. 12 which applies to the year 1890 be compared with Fig. 17, a very important point of contrast is revealed. Earlier in the analysis it was shown that while the presence of barter enforced an equivalent deduction from the purchasing-power of the entire population, and that, in turn, the idleness of a minority, yet the number of absolutely idle was a small one in comparison with the volume of competition. In other words, that the tax put upon Labor by Barter is distributed over the entire body fairly evenly,

reducing all individuals to a purchasing-power far below their natural productivity, but reducing only a few to complete idleness. For these statements there is now some statistical support. The figures show that in 1890, for instance, 59 per cent. of the nation's purchasing-power was dissipated in competition. In that year the percentage of unemployed population varied from 0.8 to 11.4 per cent., according to class; and as the purchasing-power represented by the classes revealing the greatest proportion of unemployed is much less per capita than that of the others, it is probably fair to say that not over 3 per cent. of the total purchasing-power was allotted to population entirely idle. In other words, 41 per cent. of the total purchasing-power, which portion alone is expended for life-giving commodities which are actually consumed and subsisted upon by the entire Productive Division, is capable of furnishing support for fully 97 per cent. of the total industrial body, and for more than 97 per cent. of the country's industrial ability. It is this fact alone which has permitted competitive effort to assume such egregious proportions without either actually starving the community into extinction or oppressing it into bloody revolt.

The bearing of this fact upon our understanding of the relation between production and consumption is marked. It corroborates the statement already made, viz.: that human ability to consume is the most elastic factor in social energetic phenomena. Upon an earlier page we urged its ability to expand indefinitely, as fast as permitted by expanding supply. Now we see its ability to undergo compression. In the productive classes is instanced the ability to maintain life, continuously and productively, in simple but in one sense wholesome fashion, upon a purchasing-power or consumption equal to about one-third of

the actual productivity sustained thereon. In the layer of barter and capitalism is instanced the ability to consume, in the economic sense of the word at least, a current income not only far greater than the productivity which is supported thereon (and which is often zero), but greater than any degree of individual productivity yet known to man. In other words, to whatever point the allotment of purchasing-power may be artificially shrunken, or swollen, provided only that it does not fall below the starvation-wage, consumption easily and promptly follows it. Viewing all biological factors together, the lower limit of fluctuation is the starvation-wage; below that life is impossible. There is no upper limit.

When the pessimists wish to explain poverty they urge the great faculty for unlimited consumption evinced by the unthrifty, extravagant poor, so frequently exceeding their income—in short, that the trouble with the country is that the lower classes consume too much. When these same pessimists wish to explain the common lack of opportunity for employment and the apparent necessity for low wages, they point out that the trouble with the country is that it does not, cannot possibly, consume all that it can produce, whence some must be idle—in short, that all classes consume too little.

The true statement of the case is that whereas the consumptive power of all classes of a people is always biologically unlimited, economically it is always narrowly limited, by its allotted purchasing-power. There is no such thing as overproduction, of which the manufacturers so bitterly complain when excusing to the public their efforts to put up prices by restricting the output; the suppliers of shoes or beef or flour need lisp no faintest syllable of complaint of overproduction so long as so many are barefooted and hungry. The trouble everywhere is

underconsumption, not overproduction; and lower prices, not higher ones, are what is needed to remedy the situation.

Nor is there any such thing as overconsumption, that terrible crime for which the favored few indict the poor (who consume the least) when sermonizing them; that crime of which the upper economic classes alone are guilty, spending upon a single vulgarly ostentatious evening's entertainment a sum which would solve so many social problems had it only been left in the hands of those who produced and earned it.

But there is always and everywhere, except on the part of this small and seemingly fortunate minority, that really terrible, tragic social fact: Underpurchasing-power—a purchasing-power below actual productivity and below natural consumptivity, a purchasing-power thus artificially depreciated by Barter. This is the one master-key for unlocking every economic phenomenon which is now sealed to the understanding.

Congestion. One of the most direct and obvious results of the competitive system is geographic social congestion. Under this title must be considered some four quite distinct sorts of congestion, viz.: (1) the Offices; (2) the Residences; (3) the Slums; (4) the Factories. These have been listed in the order of their causative effect, of their remediability and of their importance to the ethical growth of the community.

The political economies of Karl Marx and of Henry George are the only ones now before the public explaining general social phenomena, such as congestion, as the fruit of institutions rather than of individual choice. From the point of view of the single-taxers it would appear that all congestion were due to private control of land-values. They would point out that Edinburgh, Barbados and

Canton were congested before the era of modern commercial competition. This last is quite true; but it is true only because antagonism over land-values was historically the first form of commercial competition to become politically free for effective activity. Landlordism, in effect, is as old as the feudal system. That is good reason for pointing out the feudalistic evils of landlordism. At the same time, it is a poor basis for urging that landlordism was all of feudalism, or that the feudalistic features were the only objectionable ones of free landlordism.

It were similarly futile to attempt to confine the explanation of all forms of congestion to antagonism over land-values alone. The old question of the land and the man is there, it is true, and causes congestion, in 1905 as well as in 1805, or in 1405, when the villages were crowded while the royal preserves were spacious. But in the passing centuries the quarrel over opportunity has shifted ground again and again, and the land-question has found itself fighting under many different standards and with many strange companions. *But it has never been a leader.* Always a helper, always an unknown esquire to some gallant knight of the fight for liberty, under whose standard it did effective work, it has slowly won obscure advancement. In 1405 it was bound up with questions of individual liberty and constitutional freedom from monarchical oppression—vastly larger and quite distinct questions from landlordism; for no effective freedom of land-tenure were imaginable, assuming the abolition of serfdom and landlordism both, under the political and legal chaos of the fifteenth century. To-day it is bound up, indissolubly, with the question of the legal assurance to every man of freedom from all forms of economic oppression—equally larger, more important and inclusive questions because the effectiveness of legal economic oppression

depends very little upon the particular tool or weapon of which it may make use, whether land, capital or exchange. And since the amount of contention and oppression which can be centered about any given weapon is absolutely unlimited, assuming once that the law permits contention at all, the taking from the hands of the bargainers of all control of land-values will not necessarily restrict the aggregate volume of Barter nor the oppression of the poor. Assuming the land to be perfectly freed, we see the individual producer still standing (figuratively, of course) idle in the center of the field reserved to him by law, because of his lack of access to tools, to coöperation with other workmen and to a market; or we see him working frantically, the little Value which he may be able to dig single-handed from the soil becoming absolutely inadequate to support life under present populations and methods, because diluted to any degree desired by the bargainer before it may become purchasing-power in exchange. Until he had undertaken and carried into effect a demand for freedom of access, as an inborn right, under the protection of law and public opinion, to those tools which are the creation of and which are absolutely essential to the efforts of the modern armies of workmen in Production, and to the public market which is equally essential to Exchange, he would find his accomplished freedom of access to his land a valuable acquisition *only in the nature of an established principle and an abstract precedent.* Economically he would be better off only temporarily, until expanding Barter were able to reabsorb this new lease of life to the Producer, this new growth of its prey, this added possibility of extracting profit from the producing-body while still leaving it alive.

This is why the land-tenure question was not settled when serfdom was abolished and the villein freed from

his village, nor when a constitutional government was wrung from monarchical despotism, nor even when the virility of Europe had landed upon a virgin western continent and found itself free to effect fundamental reforms in liberty's name—there never being a finer chance, apparently, to keep the free land free. The Supreme Intelligence placed in its hands, instead, a democratic form of government, freedom of political action and of religious belief, both feeding the soul and being of more importance to the patriot than the freedom of the soil which feeds only the body—freedom of man's attitude toward man coming before freedom of man's attitude toward the clod.

Therefore, in these pages, the use of land-values as a weapon for oppressional barter will be deemed merely one with the use of other economic opportunities for the same purpose. It is even more obvious that the use of capitalism to extract current taxes from the producing-body, which is the basis of the Marxian conclusions, is merely another subdivision of Competitive Dissipation as it has been defined in earlier pages.

(1) *The Offices* are congested because men cannot barter at more than arm's length from each other. The production of two commodities may take place at points the most widely separated, their actual exchange may take place upon passing freight-trains, anywhere, under the guidance of factory-superintendents; all of these matters can be handled by correspondence. But the question of *price* of exchange,—assuming, of course, that there is a real question as to the price, to be settled only by the expenditure of effort,—can be determined only by eye-to-eye conference, by audible word and visible gesture of bargainer to bargainer. Men have gathered themselves into company for all manner of reasons in the past; but speaking only of the modern phase of concentration, which

has reared our city-outlines against the sky from fifty to three hundred feet above the soil within a quarter-century, —considering only the civilization of the sky-scraper, the subway and the stenographer,—its center and soul is the need of barter between man and man before each little detail of exchange, before any little ton of rails, bag of coffee, branch-railroad in Arizona or dozen of hairpins can get itself transferred to the ownership which needs it from that which needs something else.

(2) *The Residences* are congested because the Offices are congested. Men cannot meet each morning for barter in Wall Street and live further away than Stamford. They prefer to live not further away than Eightieth Street. If the love of a vine and fig-tree is strong within them, if they are inspired by the ideals of a real home and homestead for their children to grow up in, they will undergo the suburbanite's daily tortue in order to get it. If they happen to have no family, or if they are weak enough to fail to appreciate it in comparison with being "in the swim," they will consent to live in barracks in town. The whole natural tendency of man is toward the vine and fig-tree, toward seclusion and spaciousness of home, however he may love the crowd and the dust in his work and his war. It is the artificial tendency alone which can lead him to forget green leaves and snow-white fields behind velvet curtains.

(3) *The Slums* are congested because the Offices and Residences are congested.

The first step in establishing this statement is to show the fallacy of the common idea that the slums are congested because the factories are congested. This is obvious when it is observed that *the cities of the greatest slum-congestion are not distinctly factory-cities; the populations suffering the greatest congestion are not essentially factory-*

operatives. It is of course true that many, if not most, factory-populations suffer an undesirable degree of congestion. But so do many other classes of society; all, indeed, except the farmers, who are too much isolated for health. It is still true that the worst congestion is not coincident with factory-life. New York is the worst congested city in America, and it is distinctly not a manufacturing city; it is a business and a residential city: the center of commerce, transportation, art, amusement and social luxury. The population of its East-Side, while containing many factory-workmen, is not by any means a factory-population. It is typically one of corner-grocers, saloon-keepers, janitors, domestics, hucksters, bootblacks and sweatshop tailors.

These people choose to live in this place and way for exactly the same reason that any other individual chooses his own peculiar place and way of living: because it is the easiest. The office-buildings down-town and the residences up-town, in their daily chores and supplies, offer a vast demand for steady employment which cannot be paralleled elsewhere in the land. Factory-demands for labor fluctuate tremendously, but the demand of a settlement like New York for breakfast-foods and clean collars varies hardly appreciably. The annual indignation of the daily press over the lack of fieldhands to harvest the wheat-crops of Dakota,—three weeks' work at the end of a thousand miles of travel,—is based upon the most superficial observation of other people's needs and opportunities. There could be no indignation like that of these same worthy city-bred objectors if, awakening some fine morning, they should find that the milkman had taken their advice and gone to New Hampshire, a-haying, that the postman was raising melons in Illinois and that the cook and maid had married Texas ranchmen. Nor would it equal that of the Western cities when, six months later, the

tramp-population of farm-people unable to live through the winter had been augmented by this flood of "relief" of Eastern congestion. There is no problem confronting the lower classes like that of *steadiness* of employment; and nowhere are its chances so good as in a great congested city.

Again, these people live in great cities because it is cheaper and easier than elsewhere. All industries can be conducted upon a large scale more cheaply than on a small one, and this statement applies fully to the supply of food, clothing and shelter. It is a matter of observation that nowhere in this land, not even in Nova Scotia or Alabama, can the *necessaries* and the *distractions* of life (the former including the latter) be had at so low a proportion of average income as in Manhattan. Life, it is true, is there reduced to a combination of food-supply and forgetfulness; but *that is the inevitable result of the competitive-wage system:* to reduce life to its lowest possible terms. Moreover, it is true of all classes in Manhattan. When the upper classes are content with a twenty-foot front of brown-stone, with sunlight in one-quarter of its rooms and a cobble-stone nerve-rack before the door, how can the lower ask for sunlight at all? Two rooms and a window on an air-shaft are enough for anybody! Both upper and lower classes, worse luck, believe it. They both accept it for exactly the same reason: that it is easier to accept it than to work the harder, and with greater uncertainty, for light and air elsewhere.

(4) *The Factories* are congested because the slums are.

It is first to be noted that the factories are the least congested of any of these items. The great bulk of the factory-production of the country is carried on in the smaller cities, towns and villages. Even the few distinctly manufacturing cities of the larger size, like Pittsburgh, have

their factories scattered over an exceedingly wide area, concentrating into centers, such as Homestead, Wilmerding and Allegheny, which are separated by ample opportunity for light and air. But the typical American factory is located in a smaller place than Pittsburgh, of one to one hundred thousand inhabitants, or even smaller, where access to open fields is a matter of a few moments on a trolley, or even on foot. The extreme is seen in New England, and in some Southern States, where so many efficient mills are almost hidden in some bosky vale, perched on the hillside by a bit of water-power, with the railroad wriggling in along the river-bank.

These factories locate according to favorable supplies of power, transportation or labor. While either or all may be the determining factor in any single case, it is plain that the last may often be, and is, the all-important one. Therefore those factories which need skilled workmen of some taste, or clean-habited young women from the self-respecting walks of life, choose those outlying smaller cities where small homes may be secured or where the farmers' and mechanics' daughters like to work a few years between school and marriage. Those factories which want the cheapest of unskilled, transient help, on the other hand, can find a steady current of it oozing out of and being reabsorbed by the vast mass of mixed population of the slums. That is the reason, and the only reason except special ones, why a minority of factories crowd into the congested districts of our larger cities, where land-rent is high and transportation difficult and costly.

As to the compression of the factory itself, of the need for the close association of an army of workmen, that they may coöperate, factory-architecture and engineering have already progressed (so far as possible against the resistance of the economic forces which are here being por-

trayed) to the point where it is agreed that the best quality of productivity comes from a series of low and spreading, well-lighted, well-aired buildings, separated by tracts of grass, trees and flowers when the ground is not absolutely needed for railroad-tracks and driveways. If productivity were as profitable as is profit-seeking, the question would have been settled long ago. As it is, where a motive for beautifying factory-surroundings and interiors exists at all, in the presence and personal interest of a capitalist-owner of taste and sensibility, there is no trouble in putting his ideas into effect, and with profit to the factory-community. Much remains to be done in this line, it is true; but when it is done, as it surely will be, it will be found that it was purely economic, and not engineering, discoveries which made it possible.

But if the economic situation is to be understood, it must never be forgotten that every one of this myriad of factories, scattered over the face of the land, has an office or an agent, of some sort, in the most congested district of New York, if not in several other great cities also. With these offices is constant communication, by a network of wires and postal-routes, and from these barter-agents come the orders, or the lack of them, which make or break the factories and their hands. It is the profit-making interests of the agent, not the productivity of the factory, which determines whether it shall live amid green grass and trees, or live at all, or not. It is what is done on Nassau and Cortlandt Streets which determines the purchasing-power and the choosing-power of the hammer-blows ringing out in Pittsburgh and Dubuque.

Congestion as a Unit. These four sorts of congestion all possess their origin in competition over the three chief needs of economic life: land, capital and exchange. Commercial competition over land-values consists in the

crowding up of commercial rent above natural rent, for the sake of pocketing the difference, and of holding land vacant for the sake of later pocketing the unearned increment; both of which force people to squeeze themselves into smaller and smaller compass in order to minimize the effect of this policy which may fall upon their shoulders.

Commercial competition of capitalism with consumer, securing interest and dividends, works to the same end in a number of ways. It increases the cost of transportation and of communication, so that wide areas are less available for a given population than would otherwise be so. It increases the rental paid for the improvements on the land over their natural current cost: depreciation, so that a low rent for site would avail little to decrease congestion because the producer could not afford the improvements which are essential to its enjoyment. It increases the cost of all manufactured or transported articles, so that a lesser fraction of the producer's income may go to hiring spacious sites and buildings.

Commercial competition over exchange, by its mere cost, creates congestion in a manner which these other causes share, but to a degree in which they have no part, in three distinct ways, viz.:

(1) By decreasing the demand for productive labor below natural productivity, and thus diminishing natural incomes;

(2) By diluting the purchasing-power of wages actually received, so that the recipient must be content with a much smaller scale of life, including land and improvements occupied, than would otherwise be the case.

(3) By forcing men to seek a much more frequent and intimate contact with each other, per dollar's worth of production effected, than is even now deemed essential to the administration of productive processes. For the

management of different lines of production in consonance to-day merely occasional conferences at stated dates, of factory-superintendents and heads of departments, are deemed necessary; but for the pushing for the orders which keep these factories at work, or for the maintenance or inflation of the price at which its goods are sold, must go the constant strenuous endeavor of the bargainers who represent them upon the market.

Each of the four sorts of congestion owes its size and form to each of the three weapons involved, viz.: land, capital and exchange, in varying proportion. To separate the three accurately in each case would perhaps be possible, with time; it is certain, however, that it would not be profitable, at any rate, here and now. It is needful, however, to point out that all three causes do enter, and varyingly. In some cases congestion is due almost wholly to the private control of land-values; again, it is capitalism or barter-in-exchange which visibly produces the pressure. If the single-taxers may say that it is the artificially high rents which enforce congestion, the socialists may reply that it is the diluted purchasing-power which denies the ability to pay the rents, however high or low. If all forms of competition except that over land-values and incomes were abolished, the average producer would have over twice the purchasing-power with which to pay the high rents. If it is the high rents which cause the congestion, it is also the congestion which causes the high rents. Neither would be wholly right, nor wholly wrong. The display of the evils of landlordism has been accomplished by the single-taxers with such skill and fullness, albeit with some slight error, that there is no need to reproduce them here. The evils of capitalism have been less ably presented by Karl Marx, but they are more obvious.

It is necessary, however, to point out that there are

forms of economic pressure toward congestion and the starvation-wage in which neither of these institutions enters to more than an insignificant degree. Let us discuss one fact worthy of consideration: A seat in the New York Stock-Exchange is worth upwards of one hundred thousand dollars. Upon this totally unnecessary investment must the buyer of whatever is made by any of the "industrials" handled therein help to pay the interest.

Why is this as it is? Why is it that men slow enough to pull out that sum for an orphan-asylum will be glad to buy with it entrance into that pandemonium? It cannot be ground-rent which explains it; for high as are rents in Broad Street, they would amount to comparatively little when shared by each member of the Exchange. Moreover, the rent, both of land occupied and of the improvements thereon, is covered by the current dues paid in, quite independently of the initiation-price. This enormous sum is paid purely for a *privilege,* the privilege of being on the firing-line in the commercial warfare called competition, the same privilege as that contended for amongst the fishermen on the shore when a single hunter appeared offering hares in trade. So profitable is the avocation of exacting profit by controlling exchange that this sum is paid for the mere privilege of attempt at it, with no assurance of success. The burden placed upon the country by the presence of the stock and produce exchanges, with their accessories, is grievously heavy; but in it the private control of land-values plays a part absolutely insignificant. The proportion even of capitalism in the evil is very small; the dividends paid upon any stock are very much less than the profits made out of its repeated unnecessary sale and purchase. The burden is almost wholly one of Barter.[13]

[13] Incidentally the situation reveals the complete independence of barter and exchange. In the handling of stocks and grain on 'Change it is not

Congestion and the Transportation-Problem. It is finally to be noted that the entire competitive institution constitutes a *causative source* of congestion. It is not to be accepted that people live in tenement-houses because they like tenement-life, nor that they have an office on Park Row and a residence in Nyack because they like daily cars and ferries. They live so because a greater population can find support living thus, under existing institutions, than is possible with refusal to live so. Therefore the increasing population constantly coming into existence through the divine law of multiplication swarms into the cities because it can find support there easier than elsewhere. This centripetal tendency will be limited only by the inability to find opportunity for self-support. Therefore anything which makes it easier, literally or figuratively, for the individuals of a vast population to get into touch with each other, any improvement in horizontal transportation by rail or boat or flying-machine, or in vertical transportation by elevator, or in communication, permitting two million people to work together as easily as did one million before, *inevitably makes for congestion.* It cannot in any wise be regarded as a reducer of congestion. When, for instance, the Brooklyn Bridge first overshadowed the ferries, extinction was predicted for the latter; but instead, they are now carrying greater crowds

the goods which change hands, and therefore increase in usefulness, but merely a paper memorandum of a legal fiction of ownership. It is said that each bushel of wheat passing from Chicago to New York is bought and sold some sixty to one hundred times. Here the change of ownership has not one iota of the natural value of exchange, from hands able to grow more wheat than they can eat to those able to produce other things but needing wheat for food. Here exchange exists, is forced into artificial, burdensome existence, *solely for the sake of attaching barter-profit to it.* So much more profitable is barter for the Acquisition of wealth than is exchange for its Production, that the latter has become a mere puppet attendant upon the former.

than ever before. When the elevated roads were built the surface-roads revealed the working of the same law. The operation of the new subway will be to the same end, to accentuate congestion, not only in the terminal districts, but in the traffic itself, to a point now unknown. There is no possible explanation of the congestion of the tall office-building, blotting out the sky and making cañons of our streets, to rival that of the high-speed hydraulic elevator. No worse source of an exaggeration of that congestion could be imagined than the invention of still more capacious and more highly speeded railway-trains, trolley-cars and elevators than those we now have.

To all those who clamor for more cars in order to relieve overcrowding, therefore, these considerations are respectfully dedicated. They are but instances of the working of the law which has been stated early and often in this analysis: That whatever may be the progress of the arts and sciences, out of each step in advance the heart of comfort to mankind is eaten and absorbed by a further and an entirely spontaneous growth of that insidious nation-parasite, Barter.

Insanity, Pauperism, Crime and Suicide. It has already been demonstrated that the dissipation of economic energy by barter, producing congestion and reducing nutrition to the furthest degree compatible with life, and beyond, must reveal itself ethically as a perversion of natural life into violent outbursts and immoral lesions. Just as, in mechanical energetics, impact and friction dissipate motion-energy into heat, the "waste-heap of the physical universe," so, in social energetics, competition dissipates or transforms otherwise good social economic energy into disease, criminality, insanity, pauperism and suicide, the waste-heaps of the social world. Just as it is faulty design, and not poor metal, which is responsible for

the occurrence of friction or impact in the mechanical organism, where smooth and elastic parallelism of forces should prevail instead, so, in the industrial organism for the transformation of biological into the economic energy of Value, it is a faulty artificial relationship, and not a flaw in human nature, which causes antagonism to occur where coöperation should prevail instead.

Although this entire question belongs more properly to the ethical than to the economic side of the analysis, and is therefore discussed more fully in the Second Part, yet it is important to show plainly at this point the rigid connection between economics and ethics. What statistical light may be thrown upon the situation may better be displayed here now, in parallel with the other statistical exhibits, than later.

If economic degeneration and its ethical consequences, crime, insanity and suicide, be truly an immediate function of the volume of Barter in the land, and if the latter has grown by anything like the extent shown by these preceding diagrams, then it must be expected that statistics should reveal a marked growth in these most undesirable phenomena during the last half-century. So soon, however, as the statistical question is opened in this connection there arises a number of subsidiary, but important, questions as to the validity of the statistics. That many of these doubts are valid the author is prompt to admit; but that there is still left some evidence of indubitable worth, after their full effect has been considered, he insists with emphasis.

Thus, as to growth of *insanity,* for instance, no true light is to be had from the statistics accessible to the ordinary inquirer. The multiplication of the private institutions for the insane and the progress in the care with which even the mildly insane are now separated from the

public has been such that the earlier records prove valueless for comparison with the more modern ones. The only thing to be reported is a general consensus of opinion among the authorities that insanity is steadily on the increase; although at what rate opinions differ widely. The bulk of it, too, is now recognized, by the physicians in charge, as to be explained by nothing more mysterious than an unwholesome previous mode of life, sometimes more visible in the parent than in the patient, it is true, but still a natural, explicable pathology, due, not to the wrath of God, but to the error of man.

As to *pauperism* the records are much more reliable, although still unsatisfactory. They show a practically constant proportion of paupers to total population at all times since 1850. If the same statement might be made of the other waste-heaps of society than pauperism, our argument of barter-cause and degeneration-effect would find little comfort in statistical fact. Taken, however, in connection with the remarkable growth of crime and suicide, which is shortly to be displayed, this fact is one of the most luminous and encouraging of all relating to this entire question. It shows plainly that the great and increasing bulk of the life which is squeezed out of shape by the pressure from above *prefers crime or suicide to pauperism.*

This fact is to be regarded as most encouraging to one's faith in human nature. In the first place is the instinctive abhorrence of the almshouse felt by all self-respecting people. The feeling is fundamental in human nature that each individual or family should possess sufficient energy and wit for self-support. It is this basic instinct which is outraged at every turn by the lack of good work for all applicants, and of effective return therefor, which is normal to our present industrial system. Since the artificial social formula which we have inherited states that, with a certain

minor proportion of society at all times, only lack of work and Christian starvation is accorded to him who keeps within the law, whereas food, shelter, steam-heat and work, perhaps with liberty and perhaps without, are accorded to him who breaks it, it is most natural that many should choose the latter course and break the law, or one's own life, rather than to enter an almshouse—under what amounts to imprisonment for life, with incidental disgrace as keen as that of the jail. It is no wonder that our prisons are each year increasingly filled with voluntary "rounders," while the population of the almshouses remains stationary.

In the second place, as a corroborative fact, it seems that the bulk of all paupers are found to have led a previous life of a sort peculiarly productive, by purely physiological processes, of loss of initiative and self-respect. They had chosen a bodily conduct of life which had sapped it of its very foundations. In short, they were there because they had not left enough vigor of life or self-respect to commit either crime or suicide. Because it does take more life to follow the latter course, because the population of our prisons proves markedly more capable of development into something good than does that of our poorhouses, because even perverted, distorted life, or that put out of the way with decision, is better than the mere empty shell of it, it is encouraging to note that, however crime and suicide may be on the increase, literal pauperism is not.

Finally, it is of hope to note that a thing so revolting to the instinct of self-respect as material charity, whether organized by the state or not, bears not the slightest sign of being a commensurate reply to the growing needs of the depressed classes.

If attention be turned next to the history of *crime,* there

again arises great question as to the proper interpretation of the statistics. The trouble is that the records are solely those of prisoners, whereas the legal definitions of just what sorts of action should place a man in prison have changed most markedly with the years. It is commonly urged that, although the records do show an increase in our prison-population, yet the constant tendency to treat as crimes offenses which in previous times were regarded as too trival to warrant arrest, trial and imprisonment, robs the fact of its significance. This tendency undoubtedly exists. Yet it is not to be forgotten that while fresh additions that are constantly being made to the list of deeds regarded as criminal, equally constant departure of offenses from the criminal code is occurring, through the repeal of obsolete laws and the lapse of others into desuetude. In general, these two opposing tendencies may be stated as occurring:

(*a*) To the multiplication of offenses and the severity of the penalties for crimes against the *body*, and

(*b*) To the opposite course in regard to offenses against *property*. Thus, it is only a few generations ago that a man might be hanged, according to good old English law, for stealing more than a shilling. Now mere peculation, to almost any amount, unless constituting kleptomania, is not regarded as placing a man under more than temporary restraint and reform, nor as under extreme disgrace. At this same period of the past, however, no bodily assault was regarded as a crime unless it accomplished maiming such as would unfit the victim for fighting—that being then regarded as the chief business of life. A knock-down, for instance, which removed the defendant's back-teeth (since front-teeth alone are of service in a fight) and left him unconscious for hours, could not cause the perpetrator's imprisonment and so classify him among the

criminals. To-day men are fined and imprisoned for torturing a rat!

It is not to be urged that these tendencies wholly counterbalance one another. The list of crimes is undoubtedly lengthening. But they do counterbalance to a degree, and the balance is much aided by another tendency of the times which is very marked, viz.: that toward shorter or indeterminate sentences. All of our records of population in prison are taken on a certain day of the year or of the decade. Thus, it is plain, a community in which there had been two thousand commitments during the previous year, but for a sentence averaging six months each, would appear as having exactly the same criminality as another community which had made only one thousand commitments in the same period, but for an average sentence of one year. It is unquestionable that the modern long list of minor offenses punishable with short or "reform" sentences does not necessarily keep in jail a greater average number of prisoners, in proportion to a given degree of turbulence, than in earlier times. There is therefore good basis for believing that our criminality-statistics constitute rough and fairly satisfactory, if not accurate, records of the growth of true civil recalcitrance.

These statistics reveal a steady increase in criminality, occurring not only in all civilized lands, but most markedly in those which are regarded as leading all others in the progress of civilization. A most cursory examination of the authorities upon penology develops the practically unanimous belief in a continuous and rapid growth of crime, to an alarming extent. General Brinkerhoff, President of the National Prison Congress of the United States, says: "The swell of crime has been continuous, like a tide that has no ebb." M. Augustin Delvincourt, in his "La Lutte contre le Criminalité dans les Temps modernes"

(1897), says: "When one glances over the statistics of crime, 'that vast measure of the conscience of the people,' one cannot but be frightened at the continuous and increasing growth of criminality. Unfortunately, the explanation is not to be found in the growth of population, as would to a certain point appear to be logical, but in the ever-greater number of impenitents, of revolters even, whom the French law calls 'repeaters' (*les récidivistes*). The growth is such as would deny belief, were it not for the force of figures eloquent in their infallibility. The general statistics of criminal justice in France, from 1851 to 1880, affirm that the average annual number of accused repeaters amounts to 48 per cent. and that of the arrested repeaters to 41 per cent. In 1860 it has been shown that during a period of about thirty months, 34 per cent. of liberated prisoners were again brought to justice; in 1876 this proportion had increased to 40 per cent., and in 1878 to 45 per cent.; in later years the figures are greater. The total number of sentenced repeaters, in the courts of assizes and correction, which was in 1885, 91,332, in 1888 had risen to 95,871, an increase of 7.5 per cent. in that short time; in 1892 the number had become 143,784."[14] He also quotes figures showing that in Italy, in six years, the criminals per hundred thousand inhabitants rose from 1070 to 1550. In Germany, in five years, the total number rose from 350,000 to 430,000.

Mr. W. D. Morrison, of Wandsworth Prison, England, in his "Crime and its Causes," says: "Most of the principal authorities in Europe and America are emphatically of opinion that crime is on the increase. In the United States we are told by Mr. D. A. Wells (in his 'Recent Economic Changes') and by Mr. Howard

[14] This is an increase of 57½ per cent. in seven years. Compare with Fig. 21 for the same years.

Wires, an eminent specialist in criminal matters, that crime is steadily increasing, and it is increasing faster than the population. Nearly all the chief statisticians abroad tell the same tale with respect to the growth of crime upon the Continent. Dr. Mischler, of Vienna, and Professor von Liszt, of Marburg, draw a deplorable picture of the increase of crime in Germany. Professor von Liszt [15] says that fifteen million persons have been convicted by the German criminal courts within the last ten years; and, according to him, the outlook for the future is somber to the last degree. In France the criminal problem is just as formidable and perplexing as it is in Germany. M. Henri Joly estimates that crime has increased in the former country 133 per cent. within the past half century, and is still steadily rising." He then proceeds to enter empirically the question as to the possible connection between economic conditions and criminality. He observes, in the first place, that it is those countries which lead all others in the production of wealth, in commercialism, which experience the most crime. "The wealth of England is perhaps six times the wealth of Italy; but, notwithstanding this fact, more thefts are annually committed in England than in Italy. The wealth of France is extremely superior to the wealth of Ireland, both in quantity and in distribution, but the population of France commits more offenses against property than the Irish. Spain is one of the poorest countries in Europe; Scotland is one of the richest; but, side by side with this inequality of wealth, we see that the Scotch commit, per hundred thousand of population, almost four times as many thefts as the Spaniards." He concludes broadly from these facts that poverty is not a cause of crime; but in this his conclusions are broader than his facts. For, if poverty as it is commonly understood,

[15] Zeitschrift für die gesamte Strafrechtswissenschaft, ix., 472.

viz.: as a lack of material supplies for life, is a preventive of crime, crime should have decreased everywhere during the century, for then the world grew immensely richer; but this his own facts disprove. If poverty be redefined, however, as meaning a *comparative,* rather than an absolute, lack of worldly things, as meaning *disparity* of wealth, then the situation becomes clear; for it is then *the richest countries which contain the most, and the most intense, poverty.* It is also the richest countries, and those most active commercially, which possess the most crime.

To bring out this fact compare such countries as Spain, Italy, Turkey and the Balkan peninsula, on the one hand, with such countries as Germany, England, the United States, Australia, etc., on the other. The former possess much the more turbulent and violent population, impatient of all restraint, and yet suffering from the obvious lack of productive activity within their land. The latter are not only the most enlightened countries of the world, fairly worshiping the words peace and arbitration, built upon democratic principles, but they are the most phenomenally active in the production of wealth. According to all superficial reasoning, the former countries would be those where robbery was the rule of life and the latter would be those where property-rights would be held as sacred. As a matter of fact, in the former countries it is common, in the country-districts, to find locks on the doors dispensed with entirely, and even in the cities crime against property is quite less than in the latter countries. For there, indeed, one's property is commonly stolen from the aged and the helpless even when locked up in a bank vault; the robber had perhaps blown the safe, perhaps he had absconded, or perhaps he had merely "beared" some securities in Wall street.

Mr. Morrison also reviews the question of crime in

America in terms of native or foreign origin of population. He concludes, as has every other investigator whom I have consulted, that the foreign-born are less criminal than the American-born. For the popular belief in the "hordes of undesirable immigrants" as the explanation of our national criminal record there is absolutely no adequate foundation.

Dr. A. C. Hall, in his "Crime in its Relations to Social Progress" (1902), an exhaustive thesis from the statistical standpoint, quotes figures (page 282 and following) to show that crime has increased in England and Wales, in France, in Austria and in Italy, during the latter portion of the century recently closed, by various startling percentages. On page 316 he says: "The German statistics show far more crime in the city than in the country." He points out near by that the number of young people between the ages of twelve and eighteen employed in factories, per ten thousand, has increased from 51 in 1885 to 66 in 1895. On page 329 he says: "Crime is essentially a social product, *increasing with growth in knowledge, intelligence and social morality,* along lines of greatest resistance to the new forces and forms of this social life." The italics are my own, inserted because he mentioned every chief characteristic of modern growth in civilization except that of the competitive system for the determination of price.

Mr. Roland P. Falkner, in his "Crime and the Census," [16] takes up the argument that the criminal statistics do not tell the truth as to affairs, making them appear to be worse than they are. He corrects the totals by deducting first for the "houses of correction" and secondly for the Southern States, in order to bring all to a homogeneous

[16] American Academy of Political and Social Science publications, No. 190.

basis. Final exclusion of prisoners not under sentence (although the proportion of them presumably guilty might be expected to remain constant) brings the growth of crime per unit of population between 1880 and 1890 down to 10.5 per cent. If this be the best that can be done by arguments in this direction, to prove that our proportion of criminality has been increasing at the rate of only

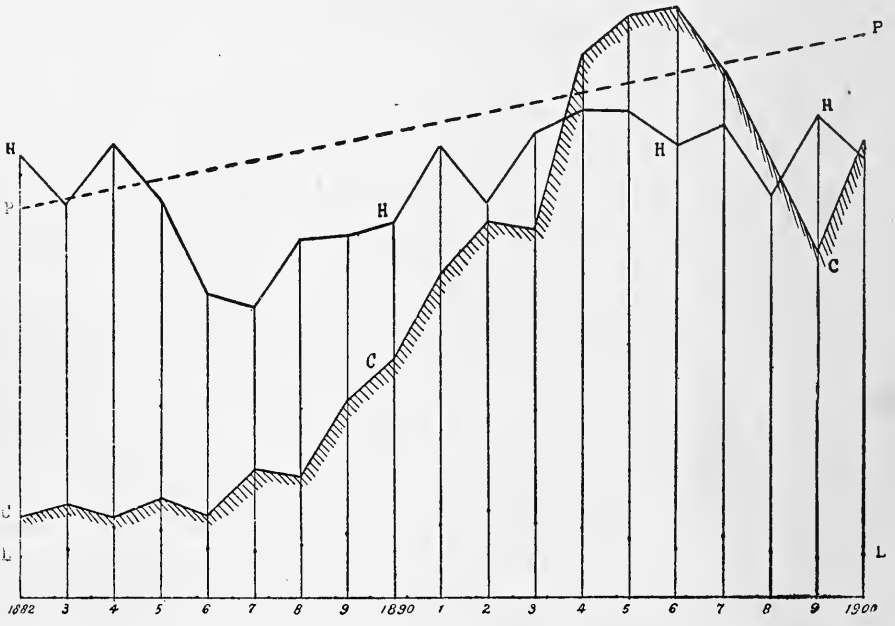

Fig. 21. The Growth of Homicide and Hanging: Chicago *Tribune's* Statistics

slightly over 10 per cent. per decade, the situation is bad enough to warrant the sober attention of the best patriotism which we have to offer.

Governor Henry M. Boies, in his "Science of Penology," gives countenance to a table of the growth of the country's homicides, hangings and lynchings for each of the years from 1882 to 1900, inclusive, as culled from the daily press-reports by the Chicago *Tribune*. The results are

displayed in Fig. 21. There the curve *CCC* gives the variation in number of homicides, the curve *HHH* the number of hangings and the line *PP* the contemporary growth of population. The row of points *LL* gives the number of lynchings, which is almost constant in comparison with the enormous growth of the general volume of fatal violence of other sorts which is commonly overlooked. Here the contrast between the prosperous period of the middle eighties, when it was comparatively easy to obtain continuous employment, with the gradually approaching period of economic depression which culminated in the panic of 1893 and departed only with the opening of the Spanish War, is too marked to permit escape from the impression that bodily violence is a symptom of economic pressure. The growth is sevenfold. No minor error in the data, nor any smaller cause than this national one, can possibly be adequate to its explanation.[17]

[17] "The newspapers are now giving considerable space to the increase of crime in the large cities of the United States during the last few months," says the *Literary Digest* (September, 1904). "Chicago has been attracting attention by its daily chronicle of crime, and now New York is wrought up over an epidemic of murders, robberies, and hold-ups. Mississippi also comes forward with a murder record which, the Chicago *Record-Herald* says, 'indicates that life is about twice as safe in southern Italy as in that State.' 'The violence and indifference to violence shown by our great cities, Chicago included,' says *The Record-Herald,* 'are symptomatic of a great and rapid change that is passing over the country. If the "Anglo-Saxon" respect for law and order is leaving us, it is high time to start a revival of it.' There have been 24 murders, 68 robberies, 57 felonious assaults, and 253 burglaries in New York City within one month. Accounts of hold-ups and robberies have also become a conspicuous feature of the Chicago dailies. In Mississippi there were 569 known murders committed during the eight months ending September 1, chiefly among the lower classes and negroes.'" Mr. Taft, Secretary of War, in his address before the Yale Law School (1905) quotes these figures in evidence of the recent growth of crime:

	1885.	1904.
Murders	1,808	8,482
Executions	108	116

In the light of all this evidence as to a worldwide rapid increase of violence within recent years, the records of our own national census may be reviewed with some confidence, even if they do paint a picture which is so black as to cause suspicion. Because, however, of the admitted tendency of the evolution of common law to reduce the number of prisoners on hand for a given degree of turbulence, and waiving, for the time, all right to claim that a decided diminution in the prison-population is the only thing which a civilized people has a right to expect, the plan has been adopted, in our quotation of these records, to assume that the criminality of 1850 was just twice what the records reveal, as measured in present standards. That is, we have increased the record of crime for that year by 100 per cent., that of 1860 by 80 per cent., that of 1870 by 60 per cent., that of 1880 by 40 per cent., and that of 1890 by 20 per cent. That of 1900 remains yet to be inserted, in its true value, but at the time of writing had not yet become accessible.

In exhibiting the national statistics for suicide there has seemed to be no reason for so distorting the figures. The reports of deaths and their causes are so carefully and accurately made, and always have been, that the most refined conscience could not demand any arbitrary coefficient of correction in terms of time. The same thing is true of deaths from all other causes. Of these the deaths due to heart-failure seemed to have a direct bearing upon the case, while those due to pneumonia possess an indirect one.

His moral drawn from the stationary figures for executions—greater certainty and promptness of conviction—is excellent. So are the calls for the reform and expansion of police-forces in all the larger cities. But these remedies are all in the nature of partial cures or alleviations, not of preventives. The great lesson taught by the statistics is that the *cause* of all violence, whatever it may be, has expanded egregiously. That being so all cures come too late.

In Fig. 22, therefore, has been exhibited the parallelism between the growth of competitive economic dissipation, on the one hand, and the growth of crime, suicide, heart-failure and pneumonia as revealed by the death-reports, on the other. There has already been found

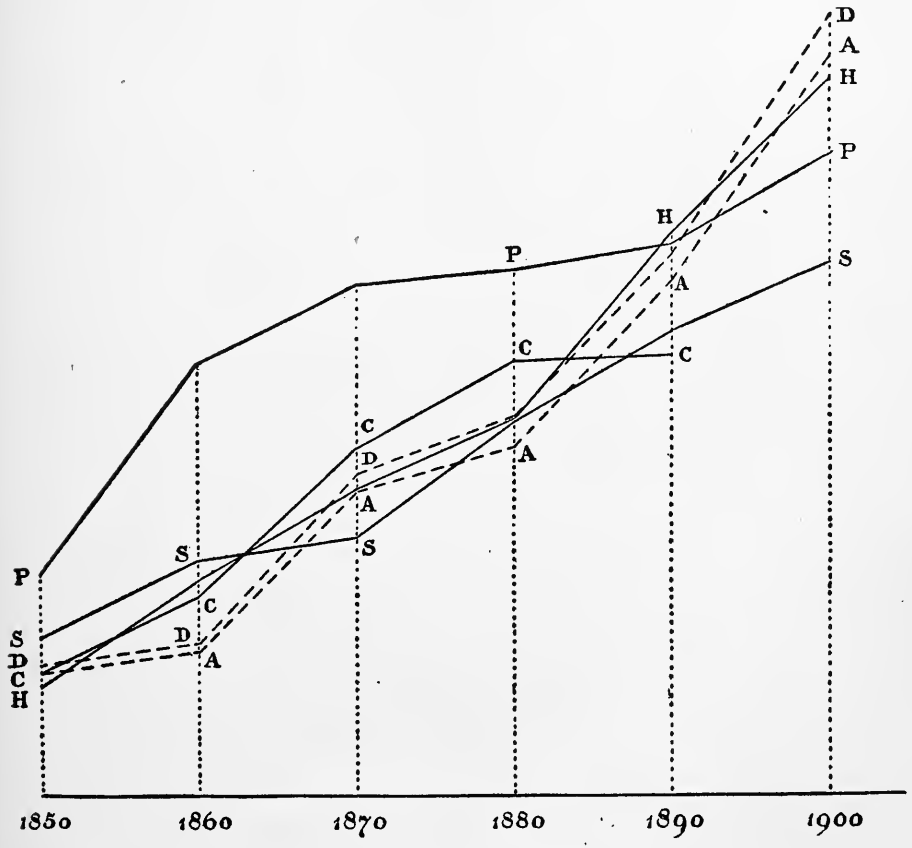

Fig. 22. The Parallel Growth of Economic Dissipation, Crime, Pneumonia, Heart-disease and Suicide

ample basis for regarding the former as a cause of evil; there is similar basis for expecting these latter phenomena to be the sorts of evil which would be its fruit.

In Fig. 22, the curve *AAA* is that of Fig. 15 modified

in scale to fit the present diagram. The curve *DDD* measures the proportion of the solid black of Fig. 12 to the clear white. These two dotted curves offer, therefore, our best available measures of the certain growth of economic dissipation by barter in proportion to the general mass of productive activity. Although drawn from quite different sources and based upon quite different assumptions, it is seen that they agree very closely—particularly since the absolute scale of altitudes means nothing in this diagram; it is the *relative increase* which tells the whole story.

Generally parallel with these dotted curves are four full-line curves. The curve *CCC* shows the growth of crime in the United States since 1850, upon the assumption that the actual growth has been at only one-half the rate of that revealed by the census-statistics.

The curve *SSS* exhibits the growth of suicide in the same time, in proportion to a fixed number of deaths from all other causes. That is to say, not only has the death-rate from all causes for the entire nation remained almost constant during these five decades, but even what slight variations in it have actually occurred are here eliminated from the showing. This curve shows the increasing chance which a man runs, when his life-span shall have finally run out, of dying from suicide rather than from any other cause.[18]

Similarly, the curve *HHH* shows the increasing proportion of deaths due to heart-failure, the one disease most likely to reveal promptly any increase in intensity of

[18] The growth of suicide in England, although not so rapid as in America, as might be expected from the less rapid and intense growth of commercialism there, is, nevertheless, steady and alarmingly rapid. During the four decades following 1860 it grew to 108, 131, 177 and 218 per cent. of what it had been, respectively, whereas in the United States it grew to 110, 159, 198 and 230 per cent., respectively.

competiton. That is to say, the effect of increased competitive pressure would reveal itself among the losers in the increased number of suicides, while among the winners it would bring about an increased death-rate from heart-failure upon the competitive battle-field, with the bequest of successful colors to posterity as the only consolation.[19]

One of the few diseases which is sufficiently general to make its statistics significant and safe, and at the same time sufficiently dependent upon good shelter, good food and moderate exertion to make it an indirect index of the fruits of competition, is pneumonia. The curve *PPP* of Fig. 22 shows its growth in proportion to all other diseases during the same five decades, a growth of about threefold. This is not so bad as the nearly fourfold growth of suicide, nor anything like the almost sevenfold growth of heart-failure, but it is bad enough. When it is recalled that the usual fluctuations in the various causes of disease seldom are revealed by a fluctuation in the death-rate of more than a few per cent.,—the recent epidemic of spotted fever, for instance, not being even visible therein—it is evident that some pretty stalwart force, of national proportions, must be invoked in order to explain these growths in special death-rates of three, four and seven hundred per cent.

[19] The New York daily press for June 14, 1905, contains the following: "An alarming increase in deaths from heart-disease presented by last week's mortuary statement has led to a comparison of data, which shows that since 1868 the annual death-rate here from heart-failure and Bright's disease has grown from 13.05 to 29.62 per 10,000 population. This increase is considered alarming by authorities on the subject, and is emphasized by the fact that 125 persons died last week from organic heart-disease, when the rate the corresponding week in 1904 was only 56.

"Strain of business and the cares attendant on fierce competition in the financial center of the city, and the worry attendant upon the anxiety to gain wealth, are given as an explanation by physicians. To put their explanation briefly, they declare the figures now prove beyond doubt that residents of New York are leading too rapid lives. Some of them say

It might naturally be expected that tuberculosis, so sensitive to overwork and malnutrition, would be the one best possible index of the growth of economic pressure. So it would be had it been left alone. But tuberculosis stands almost at the head of all diseases as to its absolute death-rate. It claims an enormous list of victims each year. On the other hand, it is especially open to prevention. The causes and manner of its contagion are thoroughly understood by the medical profession. Therefore, it has been possible and most desirable to alleviate it. For decades the physicians and the government have labored toward its extinction, with all manner of means aimed particularly at it. No other disease has had anything like the attention paid to it as has tuberculosis, excepting possibly small-pox. The fruits of this are seen in the statistics. From 1850 to 1870 the proportion of deaths due to this cause rose by 37 per cent. During the thirty years which followed, by 1900, this proportion had fallen almost to where it was in 1850. In other words, all that the combined skill, energy and devotion of the medical profession, the boards of health and the state governments have been able to do, with all their special hospitals, improved public water-supplies and sanitation, domestic inspection and education of public opinion, has been to

one person in a hundred examined has organic heart-trouble, and the other 99 stomach-affections, the latter being due to rapid eating."

The rate of increase of death from heart-disease in New York and Brooklyn, per thousand deaths from all causes, during the decade of 1880-90 was twenty per cent. During the decade of 1890-1900 it rose by thirty-six per cent. more. Since 1900 the growth has apparently continued at a still more alarming rate.

The *Chicago Tribune,* which keeps careful records of many classes of abnormal happenings, calls attention to the increasing frequency of suicides of young persons. Suicides in general are increasing in the country at an extraordinary rate. In 1902, it says, the suicides of women were three times as many as in 1901, and the ratio of increase continues. Its list of current suicides of young persons between ten and twenty years of age is harrowing.

reduce the death-rate from tuberculosis not quite to the position which it held under the primitive conditions existing in 1850. Their strenuous efforts for good have been able to not quite counterbalance the evil tendencies of the competitive system in this direction.

If, in the lack of figures as to the proportion of criminal life in the community from the census of 1900, an estimate were cast for that year from the general form and trend of the curve *CC* of Fig. 21, it is plain that the curve *CCC* of Fig. 22 must again cross the curve *SSS* during the decade of 1890-1900 and end at some point nearer to *A* than to *S*. However that may be, the remarkable coincidence in general rate of increase, during an entire half-century, of the volume of commercial competition and economic dissipation of Value on the one hand, and of the amount of crime and suicide on the other, is exceedingly impressive. Taken by itself it would constitute to the dullest mind a plain hint as to where to look for the explanation and cure of criminality. Taken in connection with our previous deductive analysis of general principles, based upon the law of the conservation of energy, to the conclusion that a state of affairs just such as is here revealed must naturally be expected to exist, there seems to be no possible escape from the conviction that criminality and suicide are very largely, if not wholly, the fruit of commercial competition: of an abstract, artificial institution as alterable by man as are any of his institutions, by education, argument and agreement, and not at all the fruit of individual moral degeneracy throughout the race.

XI

SUPPLY AND DEMAND

UP to this point all deductions have been based upon fundamental considerations affecting society as a whole. This is justified as the only method of procedure in any scientific investigation sure not to lead one astray. With the conclusions thus based, no consideration of details may raise a question; if the details appear to conflict therewith, it is certain sign that there is error either in their definition or their observation. In order, however, to furnish to the technical reader a further insight into the operation of the fundamental energies referred to above, and to attain some accurate ground for future prediction, excursion will be made into the details of economic science to the extent of studying the action of supply and demand. For the non-technical reader, this matter is the best in the book for skipping; but if treated in this way some later deductions which are based upon it must not be questioned.

The multitude of minor economic phenomena which are included broadly by these terms, Supply and Demand, together constitute the detailed action of the horizontal current of circulation portrayed in Fig. 8. The starting-point of the cycle of energy-transformations making up that current is usually taken to be Demand, the demand of the ultimate consumer. In the purely economic sense, demand is the sole director of all industry; although it is not, as is often stated, the sole instigator to productive

effort. By starting with demand as a known quantity and working from it backward to the forces by which wealth of various sorts has been prepared for its gratification, a rational understanding may be had of the forces by which we see directed the detailed activities of daily industry.

All phenomena occurring in the processes of supply and demand must be measured in *valuation*. The fundamental field of social energetics, in which human life and its economic equivalent, Value, were the elementary quantities from which alone safe deduction might be made, is now disposed of. We are now considering, in the equation of supply and demand, the transmission of those energies throughout the body economic; and, as was pointed out on page 153, they must be translated into valuation before that transmission is possible. The quantity of valuation attached to any commodity during this transmission is known as its *price*, a term more fully defined on page 73. It is the *medium of communication* whereby different portions of the body economic get into touch with each other.

Elementary Economic Interaction. The production by an individual, in obedience to his own desires, of wealth for his own consumption is not an economic or social phenomenon; it is a biologic one. On the other hand, so soon as two or more individuals take part in the transaction there arises a question of the relation between individuals. Such a relation between two individuals is the simplest possible element of economic society and gives rise to the elementary economic phenomenon: Exchange.

Elementary Economic Force. In the days before exchange existed, when each man supplied by his own labor all of his own and his family's needs, the stimulus to productive effort would have consisted of *desire*, an in-

tangible, psychologic factor which has hitherto defied exact measurement. But with the advent of exchange, which is the primordial economic phenomenon, the primordial economic force became tangible and measurable, and is now known as Price.

Thus, to illustrate, the stimulus offered to the activities of the prehistoric fisherman by his hunger for fish was a practically immeasurable thing, modern discoveries in psychometry notwithstanding. Nor could the desire be measured by the resultant activity, because a lazy man must feel much more hunger than an energetic one before the same activity would become visible. Still less did the quantity of fish caught and eaten measure the hunger, because the skill and luck of the fisherman here enter as additional unknown factors. But the stimulus offered to the fisherman's activities by a *hunter's* hunger for fish, desired as a variation from his ordinary diet of game, is no longer measurable by the hunter's hunger, nor by the fisherman's energy, skill or avarice, but by the amount of game relatively to fish upon which they can agree to base an exchange. This ratio, or price, no longer depends upon any attempt at or necessity for absolute determination or expression of the psychic forces upon either side. It is merely an equation between the two, a purely relative thing. Like a mathematical equation, it may have one, a dozen, an infinite or an unknown number of roots; all of the values upon either side may be unknown; yet, entirely regardless of this fact, if the equation be true, upon it may be built the most complex and valuable deductions. As a matter of fact, upon it is based all modern commerce, although the absolute value of the many forces relatively equated therein,—the absolute psychic desire, need or pain back of any economic negotiation,—is to-day, and may ever remain, wholly unknown and immeasurable quantities.

The Two Dimensions of Economic Energy. The equation resultant from such negotiation, or *price*, is the primordial economic force. But force is not of itself a measure of energy. The factor of *extent* of energy must also appear.[1] The extent of economic energy is evidenced by the amount of commodities which can be influenced at the price prevalent. But this amount is not visible in the price alone, nor has price any essential connection with it. In any given limited market there is, of course, a relation between price and quantity of exchange. But until the market is defined knowledge as to price gives no idea as to quantity. Thus, a very low price offered for wheat might easily influence a larger exchange in Chicago than a very much higher price would do in Athens; not necessarily because higher prices rule in Athens, but because Chicago is the center of a very much larger wheat-producing and wheat-purchasing population.

The extent of the economic energy of any given market cannot be known so long as the energy of supply or demand remains latent or potential in character. It must find kinetic expression in *exchange* before it becomes visible and measurable. Then the extent of the economic energy involved is revealed in the amount of commodities exchanged under the influence of the price offered and accepted. The multiplication of price by the amount of goods exchanged can alone give a measure of the *quantity* of business done, or, in other words, of the economic energy released. In scientific language, the total integrated dynamic effect of price active in exchange of commodities, as contrasted with price passive in a market

[1] For an elaboration of the ideas of *intensity* and *extent* of energy, see the author's "Thermodynamics of Heat-engines," Chapter I. He plans to publish shortly an improved and extended statement of the idea, as being one of the fundamentals of all the natural sciences.

where no trading takes place, is known as *Demand,* or *Purchasing-Power.*

To summarize and define: Economic Energy exists in two forms, as do all other sorts of energy, viz.: *Potential* and *kinetic.*

The potential or latent form of economic energy is *demand,* or *purchasing-power.* It is definable as a form of energy, because it possesses the power of overcoming resistance—the resistance to production or exchange. It must be a potential form of economic energy, because it is completely latent and imperceptible to the social sense except when and as it converts itself into its corresponding kinetic form of social economic energy, exchange. Moreover, it can be stored indefinitely, as to time.

Correspondingly, the kinetic form of economic energy is *Exchange,* or supply and demand become visibly active in an equalization of price-pressure.

Economic energy, like all other forms of energy, is made up of two factors, its *intensity* and its *extent.* The factor of intensity is *price.* The factor of extent is the *quantity of goods handled.*

It is plain that price is the factor of intensity, for the transformation of demand from potential to kinetic, from demand latent in a non-purchasing population to demand active in exchange, always occurs when there is present a favorable difference in price, and never when there is an unfavorable one. Exchange never takes place when the buyer's price is lower than the seller's.[2]

It is plain that goods constitute the factor of extent, for

[2] Nor even when they are exactly equal. Of course, the visible price of exchange is always the same for both parties. But before exchange can take place the buyer's real price—that is, the maximum price which he is willing to pay—must be at least somewhat higher than the visible price; the seller's must similarly be slightly lower. Neither party reveals his real price, but it is there, nevertheless.

they are always measured, more or less accurately, in terms of their mass; and mass is always the factor of extent, in any form of energy.

Natural energy-transformations vary in their dimensions throughout the widest scope, producing to the human perceptions the most diverse aspect, according as the dimension of intensity or that of extent be the predominating one. The rise of the tide, the fall of Niagara and the glory of a meteorite appear very differently to the human senses; yet they may be the display of exactly equal quantities of energy under very different dimensions. Years of quiet growth of a green willow tree and the firing of a 13-inch gun are very dissimilar phenomena; yet they involve and exhibit identical quantities of chemical and thermal energy. The sale of a railroad for ten millions and the nation's daily transactions in milk may be identical in amount of economic energy involved; but the dimensions of price and extent involved in the two transactions are so very dissimilar that it seems difficult to trace anything in common.

It must be remembered, too, that energy-transformations are not really caused by the usual visible originator of the phenomenon. An old woman with a cow and a candle may start a conflagration which wipes out a city; a boy's toy-pistol may detonate a hundredweight of dynamite. The energy visible in the result is not to be traced to the accident of environment which set it free, but to the store of latent potentiality, accumulated at some preceding period, which transforms itself into that result. The blame for the burning of the city does not rest with the old woman, but with the architecture of the preceding generation. The boy with the toy-pistol is not held accountable for the explosion of the dynamite, but rather the

person who left it unprotected. Similarly, in economics, a drop of a few points on an insignificant stock may break the market and cause a panic. The tax on a pound of tea may incite a revolution. In neither case is the visible or apparent cause of the result the real, commensurate or rational one. This last must be looked for in the earlier accumulation of potentiality beyond the safety-point, awaiting only the proper conditions to set itself free in its destructive or constructive task.

Demand. It is obvious that a very high price may prevail in regard to a certain commodity and yet there be very little demand for it, partly from the very fact of the high price and partly from purely external natural causes. This is the case, for instance, with iridium, or with ambergris. Or the public may desire, be willing to pay for and, indeed, may insist on having, a certain article to a tremendous extent, and yet the price may be very low. This, for instance, is the case with water. In each case the *economic* demand for the article, the industry set on foot and supported by its pressure, is comparatively slight. In the first case physical or biologic demand is almost nil; in the second case it is very great. But the quantity of economic demand may be the same in both cases. In the latter case the low price and the wide extent of demand are due almost entirely to natural causes—the plentiful distribution of water over the earth's surface and its great need, comfort and convenience in human life. In the former case the limited extent of demand may or may not be due to the difficulty of procuring the commodity in question. Iridium appears to have a very limited utility in the arts; but what width of application might be discovered or developed if a lower price once made it widely available cannot be safely predicted. In general it may

be said that there is no broad natural law of interdependence, as of cause and effect, between price and extent of demand. Either factor may take the initiative in influencing the other.

But, on the other hand, for any one commodity or group of commodities, in a given community and within a properly limited period of time, there is a fixed mutual relation between the two.

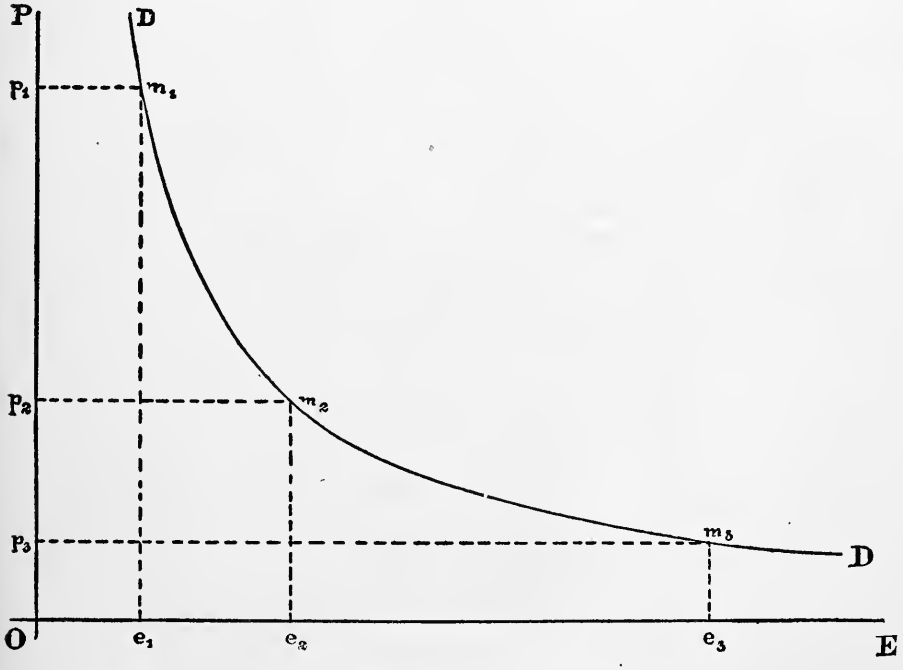

Fig. 23. The Curve of Demand

This relation may be represented graphically in a field of rectilinear coördinates, such as Fig. 23, in which the abscissas represent *extent* and the ordinates *price* of demand. In such a field the locus of demand will take approximately the form of an equilateral hyperbola, such as *DD*, asymptotic to the two axes. If m_1, m_2 and m_3 represent three different stages of a market when the

prices Op_1, Op_2 and Op_3 prevail, respectively, the extent of demand at each stage will be given by Oe_1, Oe_2 and Oe_3. The potential economic energy represented by the market at each stage, respectively, would be measured by the areas $Op_1m_1e_1$, $Op_2m_2e_2$ and $Op_3m_3e_3$.

The argument by which this proposition is supported is largely one of limits. It is obvious in the first place, from general observation, that within the limits of a given community and of a given stage of development of the arts, price is a function of extent of demand, or vice versa, and a continuous function. This function is not necessarily the same for all individual communities. It is not necessarily the same for any one commodity for all time. Factors physical, political and ethical may, and undoubtedly do, vary this function with time. But so far as purely economic forces are concerned, the forces which depend solely upon the commercial relation of man to man, price and extent of demand undoubtedly preserve a continuous mutual function which is, comparatively speaking, a very stable affair.

Since the relation between increase of price and increase of extent of demand is always an inverse one, that is, the higher price always coinciding with the more restricted demand and the lower price with the greater demand, the locus of their coincidence must be convex toward the origin.

Since either factor must pass to infinity in order to reduce the other to zero, this locus must be asymptotic to the zero-axis of each factor.

It is no negative to this last proposition to say that certain commodities sometimes fall in market-price to zero, as does city-water sometimes, for instance, while the extent of demand still remains finite. The *visible* price of city-water, in cents charged and collected per thousand gallons

used, is often arbitrarily declared to be zero. The *absolute* price remains a finite, positive quantity, perceptible in the tax-rate, and in the pressure exerted by the water-department to restrict leakage and wanton waste. Another such instance is that of fresh air, which is not represented as an expense to the community even in the tax-rate. Yet it is an undoubted economic factor in the rental-value of office-buildings, etc. It is so necessary to human existence and it is so difficult to obtain that it is now presented, to those who are artifically prevented from imbibing it with natural freedom, at the rate of so many dollars per head, through the medium of the fresh-air funds.

Nor is it a sufficient negative to show that for a given population the consumption of a certain commodity often reaches a maximum of surfeit, as might be the case with apples, for instance, which would never be exceeded, no matter how low the price might become. In the first place, although the price of apples at the point of production often reaches a practical zero to the farmer, the price to a large number of possible consumers never drops below a certain minimum of quite appreciable size. In other words, the curve stops before any evidence is to be had as to its extreme coördinates. Again, the price may fall after the extent has reached its maximum; but if so, it shows the operation of forces other than those of exchange, working for a general scaling down of price-levels.

The same is true of a maximum of price and a minimum of extent of demand. There seems to be almost no price which may be asked for a commodity which is so high that some few individuals will not be found willing to pay it—often those of the sort who are attracted solely by the high price. Except for cases of psychological affection

for some individual article on the part of some individual possessor, it is impossible to conceive price being forced so high as to produce a zero-extent of exchange. When some individual owner does this he merely proves his departure from the market-price, and not that the market-price has varied from the law stated above to one in which the curve could reach the zero-axis of extent.

The final determining consideration of the form of the demand-curve is based upon the fact that, for any one given time or place, the purchasing-power of the public is sensibly constant. It may be a vibratory constant, sometimes greater, sometimes less, to a slight degree. It may be a slow variable with time. It undoubtedly varies with locality. But for any one community and limited period of time the average total income, or that portion of it which it feels free to expend for current consumption remains fixed.

This simple fact is one of the fundamentals of economic argument. It must be perceived that it is a rigid fact. It must be perceived that while, as just recognized, the purchasing-power of a people may vary, it not only varies slowly, but it varies only at the behest of mighty forces. Nature may supply such forces. Favorable weather, producing extra crops, facilitating transportation, modifying the cost of living may do it. But such forces are purely temporary, gone with the season, and produce only temporary results. Their average effect is necessarily zero, for we have as many bad seasons as good. Moreover, their effect is nearly always local.

Human institutions may supply such forces. War, taxation, tariffs and their opposites, commercial legislation of any sort, in fact; religious beliefs and prejudices, social customs, race and caste limitations—these all undoubtedly affect the purchasing-power of a people. But

all of such forces except the legislative ones are immovable, beyond the control of the deliberate individual will; and as to the legislative ones, there the relation between cause and effect is so obscure, there is so little public knowledge of and confidence in what slight science of social dynamics now exists, that the result is as vagarious, as surprising, and is accepted with as general a feeling of resignation or of unreasoning indignation as are those of climatic irregularities.

So, when all is said, it remains that the purchasing-power of a community is always either its producing-power or something less than that; and in virtual effect, for any one commercial division of the globe, under any given set of laws, for any one period of time not so short as to include only one change of season nor so long as to cover great evolutionary developments, *the purchasing-power of the people is constant.*

Translating this into geometric language, the total amount of exchange, given by multiplying price by extent, must remain sensibly constant. It is measured graphically by the areas of the rectangles Op_1m_1e, etc., of Fig. 23. If those rectangles be all equal, the curve DD is an equilateral hyperbola.

Supply. The subjective source to which demand appeals for its supply of energy is *supply*. Except for supply, the consumer might range his demand up and down the entire gamut of price and extent, yet no exchange would result. It is therefore necessary to establish the general form of the curve giving the relation between price and extent of supply, as has just been done for demand.

The first step in this process is to note that, while with demand the relation between price and extent is inverse, in the case of supply it is direct. That is, the extent of

the supply of a commodity usually increases with increasing price and decreases with decreasing price. This must indicate a curve departing simultaneously from both axes and passing across the axis of price at a certain distance above the origin. For, in order to instigate even the slightest amount of production, there must be some appreciable price offered. Very often this price is a perfectly definite, actual affair, even when there is no production at all. Such is the case with contracts for special work, where a price is made upon the specifications before production is entered upon, or is even expected with certainty. The same is true of subscriptions taken for works which will be produced if sufficient subscriptions are offered.

For all small variations in the extent of supply the price is constant; that is, the supply-curve is a straight horizontal line. If the supply of considerably increasing quantities of a given commodity, however, involving the employment of increasing numbers of men, be undertaken in a given establishment under given methods of production, the Law of Decreasing Returns applies. The price will increase with the extent of supply and the apparently straight horizontal supply-line will rise as it passes to the right. Such is the situation when the fluctuations in extent of demand are prompt, temporary or violent.

If the increase in supply of a commodity occur slowly enough, however, it permits alteration and development of both the supplies of raw material and the methods of manufacture; machines can be designed for carrying on processes formerly performed by hand; men can be trained into specialization upon smaller and smaller subdivisions of the work. Under such conditions the Law of Increasing Returns applies and the supply-curve will fall as it passes to the right. Such is always the form assumed by the supply-curve in conjunction with the lapse of time.

Because the increase of goods produced always maintains a higher rate than the increase in number of workers, however, the curve is a comparatively flat one, dropping very slowly as it proceeds to the right.[3]

Because the balance between these two processes for the increase of output: multiplication of men and of methods, respectively, will be different in each commodity

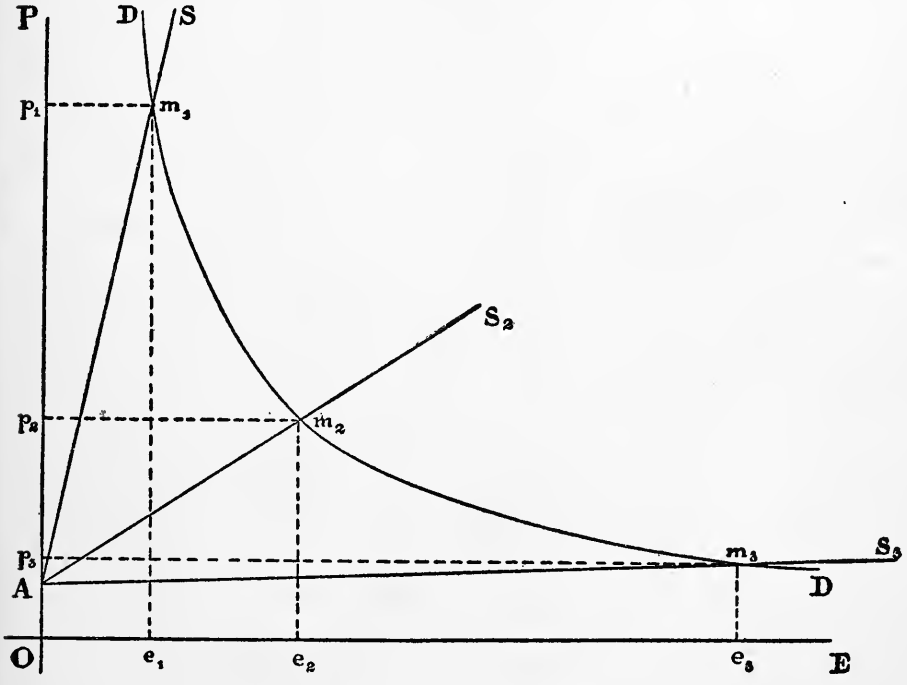

Fig. 24. Demand and Supply Curves, and the Market

considered, for present purposes they will be considered as balancing each other, thus making of the supply-curve a straight line (to which it must approximate in any event). Such curves are shown at AS_1, AS_2, etc., in Fig. 24.

[3] The degree to which each individual laborer may respond with increased activity to an increased price for his product is a purely biologic

The progress of events always tends to cheapen all of the accessory costs of production. Better supplies of raw material are developed; a fund of specially trained labor accumulates. Therefore the scale of cost for any given extent of production will tend to diminish slowly. Such a progress of events is shown by the vectoral swing of the supply-curve about its origin, as from AS_1 to AS_2, then to AS_3, etc., in Fig. 24.

The energy of demand, once existent, finds expression at the lowest possible price. This is the common phenomenon of the tendency to buy in the cheapest market. Therefore, the scale of the curve DD of Fig. 23 or Fig. 24 having been determined, by the purchasing-power of the community in question, all that intensity of individual desire can accomplish is to press downward and outward along the curve, toward the point of lowest price and greatest extent of exchange. Thus, if we suppose all the factors in the production and exchange of a given commodity to be constant, except that the methods of production advance with time, we shall have the state of affairs shown in Fig. 24. Here let AS_1 be the supply-curve of a recently invented commodity, when methods are crude, and AS_2 and AS_3 be the same curve in later periods, when more perfected methods have been evolved

phenomenon; moreover, the extent to which it appears as a factor in increased production is insignificant, if not zero, so long as his efforts are confined to a single commodity. That is to say, he is himself then subject to the law of decreasing returns. For a limited time and to a limited extent he may be spurred by higher income to produce above his natural average productivity; but, sooner or later, by natural gravitation, he must drop back into the rate determined by his racial and inherited characteristics. This is clearly shown in the history of the piece-work system of wages. If the increased price for his labor take the form of shorter hours, permitting greater variety in the daily life and a higher general scale of living, his *quality* of productivity will respond thereto very promptly. But in the ordinary fluctuations of the volume of demand and supply this process cannot enter.

by experience and invention. Then, if the demand-curve DD remain constant during this period, that is, if neither the population alters nor the popular fancy for the commodity be stimulated or depressed by external educational agency, the market will advance progressively from m_1 to m_2 and then on to m_3, etc. At first the price will be Op_1 and the extent of purchase Oe_1; later the price will fall to Op_2, and finally to Op_3, while the extent of consumption correspondingly advances to Oe_2 and to Oe_3.

In the first period of production of the article the curve OS_1 rises very steeply because both the sources of raw material and the supplies of labor skilled in this particular service have not yet been developed. Increasing demands for the article develop marked difficulty in proportionately increasing the supply to meet them. In consequence, only a very small proportion of the population can afford to pay the high price p_1 which is necessary in order to induce the production of even the small amount e_1. But the high price soon attracts to the new industry additional skill and energy, new supplies of raw material are found and in time labor becomes more widely skilled in this direction. In consequence, the difficulties which resulted in the production of increased quantities only at exaggerated cost are mitigated, and the angle of inclination AS_1 to OE must sink to a less abrupt one, as at AS_2, and finally to a position, such as AS_3, which may be regarded as a final and stable one.[4]

[4] It must be noted that the curve DD of Fig. 24 does not represent quite the same phenomenon as that of Fig. 23; hence, its equation is not necessarily the same, although its general form is. Fig. 23 presented the demand-curve for an entire community, covering all commodities purchased. For such total purchases the capacity of the community is fixed. Fig. 24 presents a demand-curve for a single commodity. The portion of the community's purchasing-power which finds expression therein is variable. Therefore, it cannot be an equilateral hyperbola. Yet the argument which gives to all

Market-Equilibrium. In this gravitational rotation of AS about A the final position of stability is determined by equilibrium between the forces producing rotation and the resistance encountered. The motive force is the tendency to purchase at lower prices, a purely vertical force on the diagram. The resistance consists of the natural inertia of the human race to changes of method and amount of production and of ignorance as to how to extend them, a purely horizontal force on the diagram. The two are exhibited in the demand-and-supply-curves, respectively. Their relation in the actual market at any time is exhibited in the intersection of the two curves. The sharper this angle the greater is the mechanical advantage of the resistance over the motive power and the less the tendency of the market to move toward a greater extent of exchange in order to attain a given decrease in price by increasing the scale of production.

This action may be well illustrated by imagining AS to represent a bar hinged against the wall at A and supported, at the point of intersection with DD, by a cross-bar resting freely upon that curve. It is plain that the bar, if originally in the position AS_1, would fall down, by rotating to the right about A, until the friction of the sliding of the cross-bar between the two curves at m was sufficient to stop it. Equilibrium being thus reached at the point m_3, mechanics would call the angle S_3m_3D the *angle of friction* of the particular surfaces involved. In

demand-curves the hyperbolic form applies also to Fig. 24. There the equation of DD can be stated only in the form

$$PE^x = \text{a constant.}$$

Because, as time advances, the purchasing-power accorded to any novel commodity usually increases, the areas of the rectangles Om_1, Om_2, etc., must be progressively greater. In which case the value of x must be greater than unity.

such a case the motive force would be the vertical one of gravitation, as it is of price in Fig. 24. The resistance would be the almost horizontal one of friction upon the two surfaces *mS* and *mD*, as it is in Fig. 24 the purely horizontal one of human reluctance to increased extent of production. Therefore, the conclusion which has been drawn is no trick of chosen scales of drawing. It depends solely upon the general statement that the natural gravitation will take place until the resistance possesses a marked mechanical advantage over the motive force; that is to say, until the quantity of output which must be added to the prevailing rate in order to effect a given drop in price becomes too great to be worth the trouble. Moreover, since this advantage is steadily increasing, both in the economic original and in the mechanical simile, the situation is shown to be one of stable equilibrium. No further motion can ensue.

Summary. To summarize what has been proven:

(1) The demand curves are hyperboloidal in form;

(2) When applied to the community as a whole, covering all commodities, the hyperbolas are equilateral;

(3) For any one commodity, under fixed conditions of public taste and varying conditions of supply, these hyperbolas have exponential values (for the factor of extent) greater than unity;

(4) For any one commodity the gravitational forces acting upon the market tend always downward and to the right;

(5) This gravitation brings the curves of supply and demand into intersection at sharper and sharper angles, whereby the market is brought ever into more and more stable equilibrium, *the variations in extent of exchange growing ever greater and greater in proportion to given variations in price.*

Current economic history gives daily illustrations of the processes depicted in the preceding diagrams and leading to the above conclusions. The growth of scientific knowledge and its increasing application to the arts bring forth an unending series of novel commodities, invaluable in their possibilities for the growth of the human race. As each appears it takes its stand in the m_1 locality, hard to get, high in price and enjoyed by only a few. As time elapses it begins its gravitational journey downward and to the right. All social forces of an educational and elevating character are expressed by a rotative fall of the supply-curves toward the right. Those natural tendencies in the human organism which become visible as a love of learning, of discovery, of invention, of efficiency of effort, must always make for the production of larger and larger quantities of goods upon a more and more systematic and efficient scale. The love of power, which leads man to organize his fellow-workers into a compact, harmonious, obedient and efficient body beneath his control; the love of adventure, which leads him into unknown regions and conditions; the love of creative invention, which has ever kept his head full of wheels in spite of every discouragement in the shape of poverty which the world has been able to heap upon the inventor; the love of knowledge, of absolute, natural truth: all of these, which we are no nearer to understanding after all our analyses, must find expression in the rotation of the supply-curves, in these diagrams, about their origin downwards and to the right.

The Normal Relationship Between Drop in Price and Response in Extent of Exchange. This proposition that alteration in market-price produces much more than proportionate alteration in the extent of consumption is a very important one and constitutes the chief

guide in prediction as to what will occur in the future. Stated in more popular language, it is to the effect that if the price of beans, for instance, should fall by 10 per cent., the consumption of beans would increase, not by 10 per cent., nor by any figure similar to that, but by 25 or 40 per cent., or by some other figure proportionately very much greater than 10 per cent. If, as is quite imaginable, the public is already eating all the beans that it can, then the increase in the extent of its purchases will appear in an increased consumption of other commodities, and almost always of those indicating a higher grade of life than was before available.

The Distortion and Suppression of the Natural Law of Supply and Demand. This law holds true, however, under the limitation of one condition, which applies equally to all the laws of supply and demand: *The commodities in question must be those actually consumed by the purchasers.* Demand coming from such consumers is an integration of the natural psychic forces of the million. Demand coming from buyers in wholesale markets, on the other hand, whether of goods or of securities, or from buyers of articles used for production instead of for consumption, is a resultant of forces which are intellectual rather than psychic, which are artificial rather than natural. Thus, a purchaser of bar-iron to be worked up into a special form of bolt is influenced by far different considerations than by the average rate of actual consumption of such bolts, which would be the natural indicator of the proper rate of production. He keeps his eye upon the market in a purely intellectual fashion, buying when bar-iron is low or labor is cheap or strikes are unlikely or the money-market is easy or when his debtors pay up—and all of these factors are much more artificial

and more subject to human control than is now readily believed to be so.

Or again, the manager of a street-railway does not purchase street-cars because he has a taste in that direction, because he likes to spend his time riding in them, or because he imagines himself a connoisseur fit to form a collection of rare, artistic or scientific specimens of street-car construction. Neither does he buy them because other people would like to ride in them; if he did, he would buy many more than he does, and much more comfortable ones. He buys because he has a taste for dividends, not street-cars, and because his intellect tells him that in order to acquire dividends he must take into consideration the public comfort to some certain degree. But the real consideration which directs his choice is the need for that sort and number of cars which, when run upon his particular tracks by his particular motive power and under the particular grade of public opinion with which he has to contend, will return the maximum net profit per dollar of investment.

This is his sole aim, if he be a good business-man. To accuse him of any more altruistic attitude would be not only to egregiously stretch one's faith in human nature, but it would question his right to his position. He receives his pay, in the form of dividends as well as salary, for doing just this thing, and he does it. Just so far as serving the public aids in this, or even so far as he may be able to serve the public without interference with it, he does so; but the other comes first and is the guiding factor in the situation. The universal readiness of business-directors to restrict output when it will increase profits is prima facie evidence of this. The universal policy of "charging all the traffic will bear," which every business-man follows under another name, is just this and

nothing else. It consists in the wise restriction of service, to the exaltation of prices, until the net profits reach a maximum; without, of course, overdoing the matter so as to kill the business. Such a policy is very different, the exact opposite, in fact, from a true policy of seeking to give the maximum service which will pay natural expenses.

In the face of such considerations as these it were most inaccurate to regard the production of street-cars as obedient to the public demand for urban transportation, except in a purely secondary, incidental and fractional way. For the demand for transportation cannot be addressed to those who furnish transportation: the conductors, motormen, car-builders, engineers and superintendents. Neither the people's money nor the people's voice is permitted to penetrate to their influence. The people may be willing to pay more for a given grade of service or they may demand to be charged less; they cannot say this, either literally or in effect, to the men with whom they are really trading, those listed above. They must address the president of the road, they must pay their money to him; and *he is not the representative of the motormen and car-builders.* He is the representative of the stockholders, whose interests are wholly antagonistic to theirs. Neither the public nor the motormen have any representative, except that the latter have their labor-leaders, flouted by the public and unrecognized by law,—as if it were in the least businesslike for a set of men, whether of stockholders, motormen or riding public, to attempt to do business with the others without the offices of a single legal representative head, through which all communications may pass, and whose word possesses authority. So between the Demand of the public, expressed in the money they pay, and the Supply maintained by the railway workers, measured by what they are paid,

stands the official of the corporation, representing neither Supply nor Demand, neither running the cars (his superintendent does that) nor paying for it (the public does that), but the representative of a third party, the stockholders, who are quite extraneous to either Demand or Supply, not demanding transportation at all, demanding only dividends, and not supplying anything at all, but rather idly absorbing all they can get.

Wherefore it must be plainly evident that the process of Supply and Demand, so frequently referred to as the sovereign guidance of the economic world,—which, indeed, it should be,—has now almost no opportunity whatever for full or accurate operation. By the presence of Barter both factors to it are egregiously interfered with and repressed. Supply is unnaturally stunted, because it receives in return only a small fraction of its natural productivity, only a small fraction of what Demand actually pays, and because Competition draws away from it into its own ranks all of the best and ablest men. Demand is unnaturally stunted because it can find expression only to the amount of the nation's purchasing-power, instead of to the amount of its much greater producing power. Both processes are not only stunted, they are very much dulled as to sensitiveness and accuracy, by the impossibility of direct appeal from the Consumer, who exerts Demand, to the Producer, who conducts Supply. The first must address his persuasive eloquence of cash, and the second must advertise his need of inducement, both to a third, intermediary party, the Barterer, whose prime interest it is artificially made to be to prevent the passage of the communication: not to let Supply perceive how much is paid for the service supplied, not to let Demand perceive for what a small fraction of what is paid Supply is content to supply.

Supply and Demand Freed from the Brake. The results to the community as a whole from this sad lack in our system of internal communication has already been portrayed in the preceding chapters, for which entrance into these details was not necessary. They become of interest only when attempt is made to imagine the future fruit of the possible abolition of barter. In such a case the surest guide to foresight as to what will happen comes from a study of the extent and the manner in which Supply and Demand will be freed for their natural union, so prolific of material prosperity for the community as a whole.

If we turn back to Fig. 24, and to the Summary of our conclusions (page 333) in regard to the general characteristic of the interaction between Demand and Supply, and consider the market-condition m_3, it must be quickly evident what will be the general effect of the abolition of barter: a wide and rapid expansion of the extent of trade.

Up to this moment we have considered, among the forces which were causing this market to gravitate downward in price and outward in extent, only those operative in the productive department, the steady decrease in cost due to increasing intelligence and efficiency among the workmen, to improved methods of organization within the shop and to enlarged scale of production. These three fields of growth have already been subject, for many years, to as active an improvement as has appeared to be possible. Everything which could be said or done, in the wide and active discussion of the technical problems of shop-management and cost of work, in our professional conventions of mechanical engineers, in our technical periodicals and engineering book-press, and even in our college class-rooms, to improve every opportunity visible

in these three directions has been said and done. One of our most common bases for national pride consists in the contemplation of the world-supreme efficiency which has been already accomplished along these lines.

Therefore it is only natural to assume, as a safe conclusion, that the gaps in productive efficiency yet to be filled out are comparatively small and obscure. To say that we have reached the limit of progress therein would be absurd; but at the same time it is certain that we can proceed further only as the slow change of environment permits, only as the independent advance of scientific attainment in the material arts, the general average of public intelligence and the steady increase of population, proceed. These growths are necessarily slow and steady. The mass involved is too great to permit hope of any sudden or marked acceleration.

The indirect stimulation to rapid expansion which all of these phenomena will experience from the possible abolition of barter in the future, will be fully discussed in the second portion of this work. But that is not now our text. At present it is the *direct* expansion of trade due to the lowering of market-prices by the abolition of barter. Here lies open before us an opportunity to cut down all market-prices, at one fell blow, by some seventy to seventy-five per cent. Without awaiting any resultant increase in productivity or purchasing power the volume of trade would increase fourfold.

This line of advance has not hitherto been recognized and developed, either with assiduity or to a degree, as have the purely productive lines. Indeed, its direction has witnessed a backward rather than a forward movement, and a powerful one at that. It has already been pointed out at length how rapidly the cost of barter per capita has increased during recent decades. It has been

shown repeatedly how its relative growth, in comparison with that of productivity, has always been the maximum compatible with their arithmetic difference remaining a minimum positive quantity. That is to say, what progress the point m_3 has hitherto made down the demand-curve has been due to the *difference only,* between the positive advance of productive efficiency within both the shop-organization and the individual producer, on the one hand, and the negative advance of increasing cost, of both organization and individual within the office, on the other. (See Fig. 12*a,* page 257.)

That this difference has finally come, of recent years, to be a negative quantity itself,—that the general average of prices has risen rather than fallen,—there are many ready to assert. It may be so. Certainly there are some palpable grounds for such a belief in the current market-reports. Certainly there is nothing in our analysis to deny its possibility, as a recent and temporary institution. Permanently, it is impossible, of course; it is against the law of gravitation of intensities, as well the conservation of quantities, of energy. But temporarily there may occur, as periodically in history there has occurred, a backing up of the natural flow of economic life, a momentary localization of intensity of energy, to the accumulation of an economic pressure which must find ultimate vent in economic revolution; with an incidental burst of economic conditions down to, and usually violently beyond, the level which they would otherwise have attained in continuous freedom of action.

Therefore it must be plain that there now lies before us, in the prospective breaking of this toppling dam, the release of a torrential flood of economic activity overwhelming in its comparison with anything which has hitherto been witnessed in our comparatively even eco-

nomic progress. It has always been so with the release of economic energy by political changes; they have always stimulated economic activity as economic forces never can. We can all of us well remember the outbreak of the Spanish War, for instance: the slowly gathering period of depression which preceded it; culminating, it is true, late in 1893, more than four years before the war itself, but continuing fairly steadily thereafter, we having become accustomed to it rather than overcome it; and the magnificent burst of economic activity which followed the success of that war. And yet, if we were to trace down and measure the magnitude of the alterations in demand (the increment of purchasing-power released by the government's war-expenditures) or in the altered faith in ourselves which aroused the nation from its supine lethargy, —if we should compare these economic and ethical magnitudes with those now under discussion—we should find them utterly insignificant.

Once, for instance, during an investigation of the price of gas in the city of Cincinnati, it was testified by a gentleman well known throughout the State and possessing substantial interests in gas-properties, during examination under oath, that if he should ever become acquainted with any improvement in the art of making gas which, beyond all doubt, would reduce the cost of manufacture by five cents per thousand cubic feet, he would pay a million dollars for it without the slightest hesitation. This was his estimate, not of the total value of such an improvement to the community, but of the portion of it which he might expect, easily and without any question, to reserve to himself. What was the entire value to the community? What would have been that value had the reduction in selling-price been seventy per cent. instead of five cents, and applying to all industries instead of to a single minor one?

It is only necessary to imagine, in Fig. 24, the rotation of the supply-curve about the origin to the right until the point m_3, sliding out upon the demand-curve, has fallen to a point seventy per cent. nearer to the horizontal axis than it is now. That will suggest to the mind the degree and rate of expansion of trade necessarily resultant from the legal abolition of barter.

And it is the extent of trade which feeds the body politic, not the price. It is the number of material loaves of bread, gallons of milk and tons of meat which count. No one except the barterers over them cares how little they may cost. It is true that, in a natural state of affairs, where price could be taken as a true measure of value for life-support instead of chiefly a measure of inflated valuation, it would be the product of extent by price which would measure the economic energy transformed into biologic, as already stated. But in the lack of that condition it is proper to state that the biologic energy present is indicated chiefly only by the extent of goods handled.

There has been some indication of this expansive relation between price-depression and growth of extent of trade already in the history of economics. The difficulty in observing it accurately lies in the requirements, first, that the drop in price must be so sudden as to debar extraneous factors from obscuring the results,—just as, in thermodynamics, it is only explosive expansion which reveals a reasonably true adiabatic,—and secondly, that the price and commodity affected must be one appealing directly to popular consumption. One such instance occurred when the Austrian Government, in the adoption of the "zone system" of railroad fares, incidentally dropped the average rate of fare over quite a wide network of roads by some forty per cent. Within fifteen months, according to the reports, the traffic increased by

several hundred per cent. That is to say, instead of the ratio of increase being one hundred divided by sixty, or five-thirds, as would have been the case were there a fixed volume of purchasing-power which could increase the extent of its purchases only in inverse proportion to the price, it was several full fold, indicating a marked increase in purchasing-power. That all of this increase in purchasing-power came from the increased circulation of the community cannot be proven. But it is altogether likely, and its obverse is equally unlikely.

There are other similar instances, chiefly in the postal service. Indeed, the original plan for penny postage in England was strenuously opposed in Parliament for the reason, among others, that the London post-office would not be able to handle the resultant enormous volume of traffic! It would be surprising if a similar argument were not urged against the present proposition,—probably by those who are urging at the same time that if we shut down upon all the barter in the land there will be nothing for the discharged barterers and their clerks to do! But none of these single instances can be regarded as proofs. Foreign factors insist upon entering the investigation. The only safe guide, as in all other scientific observation, is a careful and repeated analysis of the situation, to the elimination of the foreign factors by mutual cancellation.

It may be said, in reply to all of this, that this seventy per cent. prospective drop in prices has not yet been and cannot be accomplished. If so, that reverts the argument to page one. It is at any rate a great deal to have accomplished the admission of the fact that the seventy per cent. or more is there awaiting our grasp. When one glances over the vast field of current strenuous discussion of shop-costs, glorifying every little casual advance, offer-

ing millions for a gain of five per cent. in a single industry, and with each additional five per cent. growing harder and harder to get, like a mine getting deeper and deeper, —in the face of all this the establishment of the fact that here lies an untouched seventy per cent. open to public occupation, must be considered a satisfactory accomplishment for this First Part, for this bare analysis of Economic Cost. In the Second Part, concerning itself with the ethics of the case and with what may be reasonably expected to occur should the saving of the seventy per cent., or even any fair portion of it, be actually accomplished, argument will ultimately be resumed at this point.[5] The preceding analysis of the trend of economic events in the past will then be made the basis for a prediction of their natural trend in the future.

In deference to a widely prevalent suspicion, however, that neither sentiment, moral principle nor even intellectual prediction may wisely be relied upon as a guide in public action, it has been deemed best to draw at this point as sharp a line as possible between fact and theory. What precedes this division of the work is Fact, a half-century of fact accomplished by the nation's past activity and graven into her history and her destiny beyond human question or recall. If its aspect seem novel it is solely because its portraiture has been drawn along lines of force which have hitherto been overlooked, but which have been none the less existent and active. The lesson for present and future conduct of public affairs which is to be drawn therefrom is here left to each individual reader, for choice accordingly as his individual conscience and reason may dictate. If he wishes a suggestion as to what must constitute rational conclusions in that direction, it will be found in the succeeding pages of the Second Part. But the main

[5] See page 530.

object of the work: to reveal to each citizen the true economic nature of his own activities, of the relations which he maintains by law with his fellows and of their inevitable effects upon the character and the destiny of the aggregation of human souls of which he is an inseparable and an essential part, has now been accomplished. In thus placing upon his shoulders the fullest liberty and responsibility for a wise and safe decision therefrom must constitute the nation's sole trust for her future safety and happiness. The event thereof—national prosperity or poverty, honor or degradation, life or death even—" will lie in the hand of God."

PART II

The Ethical Cost of Competition and the Future

"There exists in the economy and course of nature an indissoluble union between virtue and happiness, between duty and advantage, between the genuine maxims of an honest and magnanimous policy and the solid rewards of public prosperity and felicity."—*Washington.*

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The Co-operative Distribution of Information

I

PREFATORY

IN the ensuing discussion of the ethical side of the competitive system it has been seen fit to make the approach by way of the economic side. It has been demonstrated in an exact way, from premises which were none too altruistic, that the presence of competition involves and entails certain economic conditions which are universally admitted to result in evil social and ethical conditions. In passing from the conclusion of such an economic argument into purely ethical considerations the inference might be drawn that it was the main lesson of the book that the former were to be considered as the foundation and the latter as the superstructure. Such, however, is not the author's aim.

Upon this point of priority, whether economics be the cause of ethics or ethics be the guide of economics, there is wide disagreement. There is a certain minority school of writers and thinkers who undoubtedly attribute too great an essentiality to forces purely economic and too little to forces generally admitted to be purely ethical.

This school includes the Marxian socialists, who are perhaps its typical representatives. But it is altogether probable that the great majority of the educated, though not professionally scientific, world makes its mistake in the opposite direction. It attributes too much power to the influences of religion, education and example upon the

individual and too little to the coercive effect of economic and institutional environment.

Into this question it is not the author's present purpose to enter. The problem too much lacks in definition, the form in which it presents itself in each individual brain is too diverse, to permit its being definitely settled before the reading public and then used as an aid in further constructive thought. However, two general considerations must be pointed out before the ethical aspect of our existing industrial situation is laid before the reader, for his absorption by whatever method of approach he pleases. One of these two considerations is addressed to each of the two aforementioned schools respectively.

First, in considering the ethical effect of economic forces, care needs to be taken to realize the rigid certainty of those effects. The situations are so complex, there is such a multitude of forces and reactions entering into each of them, the relation between community-interest and the individual presents such an indefinable mystery, that none but the skilled may hope to clearly and accurately trace the line between cause and effect.

For this reason it would seem axiomatic that the first essential to preparation for the study of social ethics should consist in acquiring a thorough grasp of the fundamental laws which define the relations between cause and effect, force and reaction, latent potentiality and visible activity.

For instance, the study of mechanics, from Newton's elementary laws of motion to the latest developments of the science of energetics, must be absorbed and digested by the student before he can truly comprehend the activity of the locomotive engine. Why is it then that the study of that inconceivably more complex but quite artificial machine, the body politic, which was built by

and is maintained for the same processes and purposes as the locomotive, namely, the transformation of energy, is attempted in our best universities without any such previous training? The student is given no thorough, fundamental grasp of natural law and of its manifestation in cause and effect, by years of experimental study of the natural sciences. Instead, he is first given, as his groundwork, no end of history. That is good; the engineering student also gets his history of engineering. He is next given his studies in form of government. The parallel in the engineering course is the study of mechanisms, a familiarization with the tools which have been devised in the past and are used more or less at present. The sociological pupil gets his science of statistics; that is his sociological laboratory-training. The rest of his course is much the same: a further accumulation of facts and data, as raw material.

From this training the average man comes inevitably to regard the social structure as Mr. Spencer regards it: as a question of statics. He looks upon it much as an intelligent South Sea islander might look upon a locomotive standing dead and cold upon a sidetrack: as a beautiful and complex structure, worthy of exhaustive and analytical observation, but viewed with no conception whatever of its real purpose, of its tremendous potentiality for speed and power when once given life by fire; of its possibilities for creative good when wisely guided, of its inevitable destructiveness of self and others when carelessly or ignorantly driven.

To obtain this insight the student needs long training in the principles of mechanics and energetics. He must not be so entirely lacking as at present is the case in the fundamental conceptions of mass and velocity, of force and distance, of motion and of energy, of the potentiality

for motion of the latent forms of energy, of the source and of the destination alike of all visible activity.

It is a widespread lack of these conceptions which makes the argument from economics to ethics so dangerous in sociological work. But to those who would follow it, regardlessly, elementary preparation to the extent of the following two points must be insisted upon:

First.—That when a force acts upon a body it produces the same invariable effect, in the way of visible motion, no matter how many other forces may be acting upon it at the same time. Thus, few people have escaped, in their high-school study of physics, the fact that a ball fired from a horizontal gun drops to the earth as quickly as if it were dropped from the hand; but few also have grasped the fact that the same law, expressed in the same mathematical formulæ, also gives the motion of the ball, under the two combined forces, when the muzzle is aimed vertically upwards or in any other direction.

The application of this simile to sociology lies in the fact that the resultant of competitive economic forces is always downwards. There may be many other forces driving upwards, downwards or horizontally. Heredity, education, religion, patriotism, emulation, domestic affection or, most important of all, the as yet undefined force of natural physical growth, are all operative and effective in upward directions. But this fact concerns not at all our main proposition, which is: That whether the presence or the lack of any or all of these forces be impelling an individual in what direction you please, if it be once established that the force of economic competition trends downwardly, that individual, because of its presence, will rise more slowly and not so far if ris-

ing, he will fall more rapidly and irretrievably if already falling, or will start into degeneration if otherwise tending to be stationary.

Second.—That potential energy is always invisible. It needs only a suggestion to point out that the engineer who, lacking a proper gauge, should await the explosion of his boiler to determine whether the pressure within it were rising would thereby prove himself utterly incompetent. Yet the great bulk of men of not only business and science, but even of politics, when regarding questions of economics and politics, await with the utmost complaisance the daily newspaper's report of what has happened in order to know what is going to happen. They will buy five such sheets daily. Yet, when a Fashoda incident arises they say confidently, "War!" and proceed to sell securities. When a Cuban-Spanish war-cloud bursts, after a generation of steady gathering to one inevitable end, they call it a bolt from the blue. The ability to predict, the first test of all scientific thought, appears to be totally lacking in the great majority of the country's prominent men of commerce, journalism and public office.

Indeed, this ability to predict political events is not generally expected. Its absence is not rebuked. The inability to gauge properly the invisible accumulation of ethical, political and economic potentiality in the common people is so widespread, even among intelligent people, that the great public mistakes which are made for lack of it are charged against their doers not as faults of intellectual training, but as errors of innate judgment.

With lacks such as these, to enter the ethical field from that of economics is also perilous.

The second of the considerations referred to, which

was to be addressed to the opposite school of thought, to the school which relies upon ethical forces as the sole propulsive guide of human affairs, is this:

In drawing inferences as to ethical results from purely ethical premises alone, details must be excluded. We have no exact measure of ethical forces, as we have of mechanical ones, nor even approximate measures, as we have for economic forces. When the quantities involved are small the analyst may easily become deceived, not only as to their exact amount, but even as to their direction, whether positive or negative. It is only when the ethical forces at play become, from their size, resolvable into general moral principles regarding which there can be no question, that the deductions to be drawn may be safe.

This statement brings the discussion to the feet of those who are often styled the sentimentalists. There is no real need to defend the class to which the term is properly applied; indeed, it rather deserves aid and countenance. If the sentiment be false (or narrow, which is the same thing), not based upon the greatest good of the entire race, then the term is justly one of opprobrium. But if the sentiment be wholesome, in the literal sense of the word, the discussion has now first found its truly stable foundation.

A recent brief outline of the history of the past nineteen hundred years, called forth by the close of the preceding century, in which was recorded only secular events, closed with the terse paragraphic statement that in all those nineteen centuries of growth toward world-civilization, the one most potent guiding influence had been the teachings of Jesus of Nazareth. That this is true, that the present world-civilization is a Christian civilization, is unquestionable. It has been the coercive

power of the ethical forces set in motion by Him who rebuked all violence, and who consistently refrained from its expression under the most extreme provocation, which has overcome the turbulence of the myriads. For this reason the ethical premises upon which the following analysis will be grounded are those to be found in the four gospels of the New Testament.

Again, our national structure, from the town-meeting to the federal government, is based, both consciously and unconsciously, both fundamentally and imperfectly, upon the broad principle that all men, in their naturally organized relations with the community as a whole, are born " free and equal " ; and that any other relation of an opposite sort, whether organized or sporadic, is unnatural and must stunt and distort the social organism and degenerate the naturally useful individual into a social sore.

This principle of secular ethics will also be taken into the premises. To those men who, albeit often able to read, write, publish and be read, are so limited in understanding as to be unable to perceive the fundamental difference between this doctrine of the equality of all men in the eye of the state and the absurd proposition that all men are alike, or even equivalent, my word at the outset is that they cannot possibly agree with what follows, nor even learn from it its lesson. But their quarrel is not with my conclusions; it is with my premises. The fact remains that all men are *by nature* born free and equal: possessing freedom of initiative, and in their relation toward the Supreme Intelligence and toward the organized state, equal. The natural, rapid and wholesome growth of our nation, in all things essential, is due to the foresight with which its fathers founded it upon this fundamental natural fact. If it shall have developed

later that any man is either hampered in his initiative or treated unequally from his fellows by his own community, it is plainly because man has artificially invaded and broken this fundamentally natural relation between individual and community.

But the final test of all accuracy of deduction is by approach from more than one direction. The check thus established must stand as scientific proof. If a man studying a problem in taxation, for instance, finds his conclusions disagreeing with the first law of energetics, he may well hesitate. Either his data are erroneous or else his treatment of them is false. But if he finds that his purely statistical results are corroborated by the general laws of energetics which underlie all science, economic and political alike, he may feel reassured. If, finally, these double deductions are found to be in accord with the sense of moral truth which has been handed down by the experience of the ages, the truth may be accepted as conclusive.

Thus, in the present case, the author feels that the condemnation of profit-seeking as inherently antagonistic to the principle of unselfishness, although here given a later place in the argument than was its condemnation as inherently inefficient, is sufficient for all purposes. It was sufficient for the writer himself, in his first grapple with the question, to convert him and to devote him for all time to its rebuke. To him all other analyses of the main question, all minor aspects of its details, all progress in the other sciences, whether economic, biologic or material, have come as mere corroborations of his original conclusions, furnishing broader foundation and better definition; but they have not come as proofs.

Further, the reference of the matter to the secular prin-

ciples of equality and liberty, in his judgment, comes second to the above. The result must corroborate the first conclusion; as, in fact, it does. Justice and liberty are synonymous with unselfishness; but they are narrower principles, and the proof deduced from them is not so stable nor so permanent.

The discussion in terms of economic premises, although here given first place and, because of its complexity, the greater space, should come third in the order of acceptance. For economic considerations are overlaid by the principles of public justice, just as the latter are overlaid by moral instinct. A man will throw property-considerations to the winds,—every man will, sooner or later,—in the face of demands in the name of justice or liberty. He will forego both justice and liberty, in their legal sense, for the sake of moral conscience.

The reference of the matter to statistical proof the writer regards as the last and the weakest method of all. His own statistical cullings have been introduced purely as illustrations. The proof, based upon the law of the conservation of energy, that competition, from its very definition, consists of waste, and that it must entail poverty and overwork in the form of the starvation-wage, and poverty and no work in the form of the submerged tenth,—that is the final word, from the economic standpoint. To make the statement concrete and to gain some idea of magnitudes the curves and statistics were introduced. They were drawn neither skillfully nor exhaustively. But, supposing them to be in error, neither the skill of the specialist nor the patience of the devotee may ever hope to extract from statistical sources commensurate rebuttal to the proposition, proven alike from considerations of morality, justice and public economy, that competition, that mere profit-seeking itself, without any

regard to whether the profit attained be exorbitant or moderate or nothing at all, is an inherently evil thing, an institution to be purged from our body politic by every effort, religious, educational or political, which the ingenuity of the conscientious citizen may be able to devise or his strength and courage be able to exert.

II

THE ETHICAL NATURE OF BARTER

IT is of the first importance, in understanding the inherent nature of barter, to recall that its origin dates back before the dawn of history. In man's progress upward from the brute level of existence it is difficult to say just what institution first differentiated him from the beasts. It cannot be domesticity, for many of the higher mammals exhibit forms of family-life of a far purer sort than those existent in the earlier stages of human development of which we have fairly exact record, when polygamy and polyandry were the accepted foundations of society. In fact, the perfectly developed monogamous family is a human institution which has appeared at a comparatively late date in the evolution of the social organism.

Nor can this first distinctive institution be gregariousness, the first community of interests consisting of the military tribe formed for the purposes of mutual defense; for many of the beasts also possess that.

In the use of tools appears a clue as to man's first departure from a purely animal life. But there are undoubted instances of the use of material objects by birds and beasts, in the building of their nests and the capture of their prey, which come very closely to trespass upon this field as a prerogative belonging purely to man. Moreover, the man and the tool in combination do not constitute an element of society. The use of tools is

undoubtedly the primitive industrial phenomenon, and it is interesting to note that it extends back into brute existence. But the primitive social economic phenomenon must have included at least two individuals and have *consisted of the relationship existent between them.* This is discernible with certainty only when Exchange first makes its appearance.

Here, indeed, seems to be the primordial social element. When two producers of value, whether tool-users or not, interchange their accumulations of wealth there arises for the first time those phenomena of Specialization and Coördination in Exchange which have since become magnified and complicated by mere reduplication until they now constitute all that we possess which can be defined as The State.

So far as knowledge now extends, exchange was accompanied from the first by barter. How far back is the origin of both it is impossible to say, but certain it is that both are exceedingly primitive. In the beginning there must have been a very much greater proportion of barter visible in each retail transaction than there is now. This is still true of the oriental and other economically more primitive countries. For the modern occidental expansion of barter has taken the less visible form of internal organization, and of complex and costly preparation of armament and position preliminary to the actual trial of strength between the parties to negotiation. In fact, barter and exchange could together come into existence only when the brutal antagonism natural between all individuals in primitive existence first became so disarmed by intelligence, acting perhaps through a species of police-force of public opinion or of enlightened despotism, as to eliminate extreme physical violence from the intercourse between individuals. There must have been a more or

less forced armistice, at least, between the negotiating parties. But between the degree of violence which characterizes the exchange as robbery, or, more mildly, as extortion, and that which permits it to be called pure barter there is absolutely no stable or distinct line to be drawn. All that is necessary, in order that barter may exist, is that the world shall stand by and see fair play. It does so, giving a fair field with no favor, for all the figurative kicks and blows between combatants which they care to give or take. There is no other institution which in its history brings into such high light the Anglo-Saxon love of fair play in a square fight as does the attitude of the state toward barter, from the most primitive sort down to the commercialism of the present hour. The excessive brutalities of primitive passion, so far as they are visible in the actual negotiation, have of course been modified by the advance of public opinion, as have those of singlestick and boxing; they have also been somewhat modified by law. Direct physical violence between individuals, involving visible injury, mutilation or loss of life, is quite prohibited; but it is altogether an open question as to how successfully true cruelty and invisible manslaughter has been eliminated thereby.

There is no possibility of disguising the fact that barter is nothing more than a balance of forces between the two contending parties. It is essential to a clear understanding of current economic action that this point be emphasized. The two or more negotiating parties meet and oppose forces. The balance of force determines the price. Violence of muscle or brawn, or with warlike weapon, is of course excluded; but of violence of spirit, manifested in any way not illegal, or at least detectable, there is plenty. The violence of intimidation, or even of actual injury or loss of life, if accomplished by the less visible weapons

of legal economic advantage, may be used within the negotiation, directed apparently solely toward effect upon the price accepted though actually toward the welfare of the opposing individual, without depriving the negotiation of the characteristics of legal barter. Violence of the cudgel and shot-gun order cannot be kept out of consideration, when once the other is permitted to enter. It will occur occasionally; on the part of labor, for instance, when the legally permitted oppression by means of organized barter and capitalism has driven indignant human nature to reply with what means it possesses; its utter futility having nothing to do with the naturalness of the outburst of repressed life. But this is not ordinarily considered a part, although in nature it is so, of barter. But of what is universally admitted to be nothing else than barter, on the part of the highest in the land, a large portion is unquestionable violence: of violence of the Pilate sort, a quiet disclaimer of responsibility which cannot be disclaimed, the violence of restriction of circulation and employment and purchasing-power by cost of barter, the violence of indifference to the pressure upon others of life and death, of love and pain, of hunger and the lack of opportunity to work, of dire need in the face of extortionate prices. The daily newspapers reveal enough of it to turn the heart sick. Still more true is it that the mere fear of violence, without the actuality, not only may be but nearly always is an active factor in determining the price,—which shows the narrow usefulness of laws against actual physical violence in such transactions.

All this is less true of barter for goods than it is of barter over the price of labor. In the barter over goods the pressure is not nearly so evident, but it is there nevertheless; the competitive policy of "charging all the traffic will bear," when applied to the staple necessaries of life,

means nothing less than putting up the price until the consequent decrease in the expansion of population, visible in decreasing purchases, warns the profit-seekers to put it no higher. The bargainers are unconscious of this fact, they are unaware that in watching the market-reports of the volume of trade in wheat and beef and ice they are gauging the relative activities of the angels of Life and Death, but it is true nevertheless. Every fluctuation in price of commodities, every variation in price or demand for labor, constitutes bodily violence. In the form of bodily discomfort, pain, want, the congestion of habitat until tuberculosis becomes epidemic, the reduction of diet and clothing until pneumonia is rife, while malnutrition aids a whole series of other diseases to swell the list, of overwork until rheumatism claims those who do not turn insane or criminal, of limited supply of milk and ice in summer until the babies die like flies, of all sorts of physical suffering to the point of life and death, of moral suffering to the extreme that social degradation can express,—in all these forms barter can and does include the worst imaginable violence to humanity. It is partly the daily familiarity of these phenomena and partly the difficulty of clearly tracing cause and effect in the complexity of the present economic system which alone shields them from that outburst of public indignation against them which would otherwise be inevitable, and which saves the consciences of those active in promoting these conditions.

It is only natural and inevitable that such violent anarchy as this in our economic system,—its very foundation, in fact, upheld and defended by public opinion and the law,—should breed an even wider moral and intellectual anarchy in the individual, in the shape of crime, insanity, labor-tyranny, official corruption, prostitution and nihilism. It is an all too axiomatic fact that all of

the anarchy which constitutes "the social question" of the day is due to the exercise by the stronger party to barter of every sort of physical superiority over the weaker other than the purely muscular,—both that of personality and that of position. The cunning use of passive deception, the more active pressure of fear of unemployment, the cold-blooded utilization of the stress of want combined with domestic affection: the marshaling upon one side of all the power that millions of capital can command against individual and often feminine powers of resistance upon the other,—all these are accepted accompaniments of everyday bargaining. It is an unmitigated, though usually disguised, balance of pure force and endurance. There is no need to refer, in addition, to those less frequently revealed though well authenticated situations in which the most sacred impulses of the human heart,—parental affection struggling with the temptations offered to child-labor, manly honor standing against bribery into disloyalty, and feminine chastity face to face with economic dependence and dire want,—are laid under stress in the cutting down of costs and the forcing of a good bargain.

Of the individual moral responsibility of those who engage in the great game of barter, of the weight of blame which should attach to their free activity in it, it is not the purpose here to speak. Of men and motives we are not to be the self-constituted judges, but merely of institutions. For tremendous wrong-doing every man who upholds the competitive system is certainly responsible. Of the measure of guilt to be charged against him therefor let his God and the light which may have penetrated his soul alone sit in sentence upon him. The great majority of employers, particularly those of moderate

scale, are striving earnestly and unselfishly, although blindly and in vain, to mitigate for their employees the hard lot which fate has thrust upon them. I know this too well to have one syllable of bitter and unjust invective to send against them, as employers. But as citizens, voters, talkers, writers, as men who should not be afraid to stand for the forlorn hope which they believe to be right, a dire weight of denunciation might justly be launched against them for recusancy,—were they only a little wiser. As for those who see more clearly what they are doing, who are able to perceive how far and wide and deep, hydraulic fashion, spreads the pressure of a single keen bargain struck, until what nets its originator a mere thousand, spent in a fortnight, lops off from a million consumers a tithe of their meager income each, drops one more shuddering soul from the ranks of respectability into The Submerged Tenth,—of these individuals and their consciences, when they continue in their barter and its defense, it were as well not to speak.

But of the institution as a whole, for the perpetuation of which every citizen is equally responsible, there is no reason for mincing phrases. There need not be the least hesitation in saying that, of all the things in our present civilization which can be included under a single name, for unmitigated wholesale cruelty of concept and for moral depravity of result, commercial competition stands out the unquestioned leader.

If this statement be doubted, tell me what other can compare with it? Is it murder, or allied physical violence? How many victims does that reach in a year? Not one-tenth of one per cent. of those affected by barter. How far beyond itself, out of sight in the intricacies of the social conformation, do the direct results of the iniquity of murder extend? Scarcely at all. Finally, how much

of it is a mere symptom, a direct result, a natural fruit, of competitive activity? Almost all of it.

Is it the prize-ring, its nearest of kin? That cannot compare with it for brutality. In the prize-ring equality of opportunity and of doubt as to the issue is carefully preserved, so that both parties may enter the contest willingly, even joyfully. Marquis of Queensberry rules pit carefully man against man, pound of brawn against pound of muscle, each man restricted to contest within his proper class. Seconds, sponges and surgeons are at hand, and care is exercised that the loser gets no more "punishment" than is necessary. Only the principals get hurt, and ten days' time heals their wounds. The community loses in the operation only through indirect, unmeasurable demoralization.

But in commercial competition where are all these humane precautions against injustice and extreme injury? Where is the spirit of fairness which places upon the principals the pain of their misdeeds and preserves to each an equal chance to win out? Where is the spirit of manliness which refuses to fight except one's opponent be one's equal, in sex, weight and years? There, indeed, the fight is deliberately made as unfair as possible, is carefully restricted to one between the powerful and the weak, between the "successful" and the "improvident,"—as between a corps of gladiators in the arena, prudently provided with sword and shield, against a huddled mob of naked savages or of non-resistant Christians. On 'Change, when railroads or steel or coal or beef or "the industrials" are bulled or beared, in the directors' offices, when combines, pools and agreements are effected, when prices are "established," when lock-outs are "decreed" or production "regulated," by men in the prime of life, fed with five-dollar luncheons, backed by ample capital,

the reactionary weight of the "piles" they make falls upon no trained coequals; not upon individual opponents, sturdy men like themselves, but upon the helpless unamalgamated millions, the muttering men without capital, the weeping women, the wailing children. Here is no free nobility of savage hunter versus savage fisherman, fighting it out in the untamed wilds; here is unmitigated selfishness and cowardice, the shooting of robins from comfortable cover.

There is much sentiment abroad just now against the legal permission of prize-fighting. In these pages will be found no intimation that this sentiment is not good, that there might not better be more of it. But in the name of all consistency, if we are going to condemn legalized brutality, as demoralizing to any extent, let us condemn all of it, beginning with the most flagrant and disastrous first. And certain I am that from the bald accounts of the brutal doings of the barterers which reach me in the daily press,—of the extortion, the vulgar luxury and the false standards of the rich, of the turbulence, the suicides, the frenzy and the depression of both poor and rich which follow in its wake, the sensationalism of the manner of its reporting being itself but a part of it,—I can turn from the general to the sporting-page of my morning-paper and read an account of a clean, fair prize-fight, where two strong men stand face to face and pummel each other into insensibility,—if, indeed, the thing be not a money-making farce, degenerated from a real prize-fight into a barter over the gate-receipts,—with a positive sense of escape from the disgusting and the demoralizing into the inspiration of a just and virile, if brutal, freedom. How, in the face of considerations such as these, the organized moral teachers of the land, the clergy and the editorial press, can see their duty as otherwise directed

than against this most stupendous of all violent frauds, is not to be understood by those who have taken thought. If their enlightenment has not been accomplished by the pages which have preceded, there is plenty more of evidence to offer them. By its fruits the true nature of barter can be known, if not by its anatomy.

III

THE COST TO THE LOSERS

AT the first glance any attempt at a proper measure of the ethical cost of the competitive struggle to the classes which lose in the visible, economic sense, the classes of the starvation-wage and the submerged tenth, seems a hopeless one. It is not alone that we have no yardstick for ethical losses or gains. It is that the quantities are stupendous, unimaginable, to be appreciated by experience alone. Let one wander but briefly where these classes are to be found, not alone in the slums, where he who runs may read, but in the institutional whirlpools into which the flotsam of social turmoil is gathered a while before it disappears. Let one but glance into the almshouse, the prison, the hospital, the lunatic asylum and the morgue. What visible trace is there of aught ethical *except* loss, of simple lack of ethical impulse or of understanding of what it may be, of mere bodily shell from which all moral life has long since been eaten out but which still carries the imprint of God's likeness until the final collapse. That is sad work, discouraging to most observers. But it is not the saddest; for there the struggle is almost over. For a while life continues, turbulent or passive, as the chance organism may dictate; but the turbulence is not that of striving, the passivity is not that of peace. Mere bodily instinct, of hunger, of resentment, of affection, remains, aping in phantom grotesqueness the remembrance of days when desire and con-

test and love and honor were real. That is all. It is almost always repulsive, sometimes hideous; but it is seldom very painful.

But look further and more closely, not where poverty openly flaunts its begging needs or cloaks its shame in congested numbers, but where it hides its stern reality under a brave exterior. Look at the unnumbered, unknown millions fighting for life and pretending not; counting each ounce of strength and each penny of cash for its weight against, not always sheer hunger and cold, but against disease and domestic burden, against that deterioration which comes from monotony of existence, against childhood's lack of opportunity or age's lack of comfort, against that loss of self-respect which comes from loss of good appearance and that proper pride in social position which the self-satisfied alternately appeal to for further stimulus for striving and condemn as extravagantly wasteful! There is the pain! There allot your sympathy! It is not against the stunning violence of sudden death that we need to pray, O Lord, nor against the comatose convulsions of virulent disease! It is for the long-drawn torture of life without growth, the hopeless leaden pain of sensibility not yet killed nor yet permitted wholesome outlet, of numberless days dragging into numberless weeks and months and years, each absolutely alike, each denied the ear-mark of little triumphs or even of signal failure, devoid alike of the happiness of love fed and of the pleasure of hate gratified. That is the life which is worse than the rack, which beggars Tantalus; and he (or she, for so many of them are women, whom the strong of the land ought to be proud of protecting) who walks its way without impatience of spirit, or sin, or crime, walks indeed with beautiful feet. They are the brave poor things who deserve the Victorian

cross. For it is they who earn the true starvation-wage.[1]

Yet of some more concrete estimate of what they lack there is some hope. A few helpful general considerations may be stated with exactness.

In the first place, the problem is simple. *The ethical condition of the losers in the race is measured by their material environment.* The pressure from above which has forced them where they are has done two things:

(1) It has pressed them near the soil. The fripperies are gone. The solemn pretenses of high life find neither food nor room. Social etiquette is simple and transparent. The essentials are laid bare. No long code of diplomatic advance intervenes between the maiden and her lover, between the assailant and his victim. Deception is limited to sheer lying. Love, hate, devotion, sacrifice, sympathy, are what they pretend to be. Between the impulse and the deed lies neither the safeguard of delay nor the curtain of hypocrisy. Adult men and women are much as little children, merely of a larger growth. Life is natural and purely human.

(2) It has pressed them into close contact with each other. They are promptly cognizant of each other's needs. They *must* attend to them, resisting by their close coördination the external pressure to which they must inevitably succumb alone. The indifference which is the natural characteristic of the so-called higher classes, who are artificially protected from attack, here finds no chance to survive. They nurse each other and bury each other and pay each other's debts. They visit each other in

[1] "Balzac, in 'Père Goriot,' refers to the 'dramas that go on and on.' Such are the tragedies of the unemployed, recurring with monotonous iteration during every period of industrial depression." (Mr. Percy Alden, in *The Outlook* for May 16, 1903. The entire article is worth reading.)

prison. They adopt each other's children. They have to, or else drop into the submerged tenth,—which is a longer, more horrid fall than from Fifth to Third Avenue. With them communism and altruism are basic instincts. The portion of their income which they devote to charity is in inverse proportion to its size. The time they spend on their neighbor's needs is in direct proportion to the length of the working-day. Their women bear large families, do the washing, keep house without maids, and yet find strength and time for a charity of spirit and deed which the ladies of leisure cannot parallel within their own class. Their children grow up naturally, in one sense, although fearfully stunted and distorted by lack of opportunity in another. They learn no false stories from hired maids, no artifices of correct deportment from polite boarding-schools, no habits of superficially skimming the appearances from the realities of life. They care for each other while mere tots. They learn to maintain their own from the start. Their playground is the crowded sidewalk. At three they must respect the rights of others or suffer; at ten manly and womanly ability is at a premium. They grow up into adult citizens who vote for the most stalwart candidate, according to the standards which have been allotted to them: for him who will give them what they most direly need, a job and an occasional picnic,—to the great indignation of those who have made money out of their childhood's necessities, out of their food, shelter, coal, ice, fresh air and transportation to green fields. Only, so many of them, alas, do not grow up at all! In the summer ice is so high that the milk does not keep; in winter coal is so high that pneumonia creeps in.

In short, if the proportion of altruism to selfishness in a man, measured in terms of his physical environment of

food, shelter, opportunity and inspiration, the ratio of his actual altruism to that theoretically possible, be denoted as his "ethical efficiency," then it may be rigidly stated that

The AVERAGE ETHICAL EFFICIENCY *in the various economic classes* (*of Fig.* 11) *is inversely proportional to the height of their economic level above submergence.*

It is plain that the ethical development of an individual cannot possibly exceed his physical development. His ethical efficiency, like all other efficiencies, must ever be less than unity. In the lower classes the ethical efficiency is high, but it is only because the complete possibilities are very low. The submerged individual gets a larger share of the altruism which is open to him; but there is so little that is open.

In this light it is clear that those who lose the most economically lose the least ethically. Physical and moral life are alike crowded to minimum limits; but whereas the physical side of human nature is elastic, the moral is not. Without honor and self-respect, as each one defines it to himself according to his light, life is impossible except temporarily; and the lower economic classes are not a temporary institution. Until the level of actual submergence is reached, as one goes down, the moral side of the character does not seem to suffer at all; it gains, in fact. But the development of the æsthetic is completely lacking: which is probably the reason why we find these people so hard to forgive. Let one frequent the work-shops, the boarding-houses and the theaters of the poor; he will find his æsthetic sense trampled upon at every step. But his moral nicety gets not nearly so many affronts as in polite life. He will find a general sense of fraternal support in the shop, a clumsy effort at attentive

and sympathetic unselfishness in the boarding-house and a high, if tawdry, standard of homely virtue in the gallery of the cheap playhouse, which he may seek in vain in the average office, hotel or stage of aristocratic vogue. The level of the starvation wage is the true foundation and the sole reliance for stability of the body politic. From it may rise a central pillar of morality more cultured to a gleaming height; but without the foundation it must totter and fall,—as periodically in history it is seen to do.

It must be recalled, in considering this question, that the layer which earns the starvation-wage includes not only the manual wage-earners (to which this maximum possible ethical development has been ascribed, as some may think, without due deliberation), but that it also includes all of those classes of society to which are admittedly accredited, by universal opinion, the greatest moral elevation. The clergy, the missionaries, the physicians, the nurses, the teachers, the reformers, the inventors; the writers, the artists, the musicians and the architects; the firemen, the policemen, the soldiers and sailors, and the life-saving crews along our coast; the Salvation Army and the Sisters of Charity: these are the classes of producers which are at the bottom of the economic pyramid and in the van of our moral progress. They are not all alike. Some work in lines very different from the others. Some possess the economic advantage over the others involved in technical skill. A few individual clergymen, teachers, artists and inventors rise to an eminence which seems to place them in economic independence. But the explanation of their differentiation lies in the word genius: which is not a try-square by which the bulk of the world may honestly or usefully be tested. As classes they are wholly devoted to productive effort, and therefore the slaves and dependents of the competitive class.

Worse than this, most of them are devoted to the production only of moral good, for which there is no economic market; and this places them in a position even inferior to the manual productive classes, which produce a material good for which there is an economic market. They do the work they love and take what it may bring; and it brings little: the least upon which they can continue to be honest and altruistic and artistic. They, as entire classes, earn the starvation-wage as truly as do the mill-hands.

If these general statements should still seem to be unwarranted, let us turn to the obverse of the situation and see how widely the immorality of the country finds its expression among the pecuniarily independent, or at least comfortable, classes. While it is true that a large part of the nation's recorded crime is coincident with and a result of submergence below the starvation-wage, yet it is also true that an almost equally large portion is coincident with a quite opposite character of circumstance, if, indeed, it be not likewise a result of it. This latter portion, however, obtains by no means so thorough a record in the criminal courts; for there are a multitude of ways whereby turbulence in high life may escape criminal action.

Not to place all the odium of this fact upon our department of justice, however, it is to be added that there are so many ways in which actual infraction of the laws, or at least legal detection, may be avoided in wealth, while the sin is the same as in poverty. The impecunious have no shield. They possess neither privacy nor diplomacy; they can afford neither flight nor compromise nor influence. But for the moral lesions of the rich these several aids form a polite and effective veil. Look at the gambling and the horse-racing, for instance; at the defaulting and embez-

zling which these milder indulgences invite; at the dissipation and the wanton luxury in high life which sets the example for the lowly and leads them to covet and to secure by criminality what their betters secure by mere sin! Look at the "grafters," arch-enemies of the republic, identified always with pecuniary profits if not with sheer opulence! Look at the aristocratic prostitutes, bartering womanhood for rank and title and motherhood for self-comfort, more insidious yet in their poisoning of the life-blood of the state! These are worse criminals than the toughs of the slums, for they wield more influence. Yet they are under no pressure of dire want. Rolls of greenbacks serve as visiting-cards for them, and check-books pad each drawing-room and boudoir into a nirvana of conscience soothed with satins and servants. Under a pressure of temptation and degenerate influence they live, it is true; from money too easily gotten, from no habit formed of daily industry close to the soil, cultivating content with what it brings; more than this, from a false standard of comparative rather than of absolute worth, set and upheld by the entire nation as the backbone of its economic organization. But no such excuse have they for their sin as the submerged tenth possesses for its crime.

But to return to those ethically cultured classes of the economically oppressed which earn the starvation-wage in the service of religion, education, art, medicine and the divers methods of life-salvage. If any distinct classes in our social structure might be picked out as the happy ones, these are they. They stand in continuous refutation of the doctrine that happiness depends upon a surfeit of worldly goods. But theirs is the happiness of altruism, of philosophic disregard of material environment, not that of full and natural life to the utmost.

In the first place, the bulk of the classes just cited belong to the level of skilled labor (Fig. 11); the bulk of those of shop and mill do not. The education of skilled labor stands as a lever by which it is elevated economically, but the fulcrum rests upon unskilled labor, which is correspondingly depressed. *For there is nothing about any sort of technical skill which serves it as a defense against vertical competition.* Education directed competitively is all-powerful; but education directed productively influences not one whit (except indirectly and after a lapse of time longer than individual life, through the evolution of institutions) the portion of production allotted to the producers. It affects only the relative fraction of that portion allotted to skilled and unskilled labor respectively. If every individual producer were imaginably educated to the same efficiency as is the physician or the engineer, and if the same freedom of play were open to economic competition as now, the portion of production allotted to the entire producing class would be no more, very probably it would be less, than it is now. Its distribution among individuals only would be more even. Science and skill and art would get less, and as much less, as what is now unskilled labor would get more.

It would be quite a secondary result of such an imaginable change that the field of free competition would soon be markedly restricted compared to what it is now, with corresponding good results from that. But the fact to be emphasized is that not until the greater intelligence and sensibility and power of the educated producer leads him to take steps to reduce the extent of competition, either (1) by refusing as a unit-class to accept the prevailing wage, which is the method of trades-unionism and the strike, or (2) by legislative substitution of coöperation for competition, which is the method of socialism, will his

economic position be bettered. His increased efficiency in production will avail him nothing except an increased share taken from the pockets of his fellows, so long as he refuses to modify his institutional environment. He must enter, as a unit, into the same sort of a revolt against the public sanction of profit-seeking as a national institution as the lawyers, physicians and university-professors of Russia are at this moment effecting against the pecuniary corruption of their conservative bureaucracy.

Thus it is that the skilled producers are comfortable and happy, in the majority of cases, whereas the unskilled are the opposite. They have adopted abnegation and asceticism as their faith. Their progress of life is by abandonment. They inherit, or learn unconsciously with their work, the high ideal of work done for the work's sake. What worldly goods come their way they may spend upon plush furniture and graphophones, or upon madonnas and symphony-tickets (top-gallery); but ten hours of faithful effort per day they spend in the worship of good handicraft: and that is better devotion than true art receives in many a wealthy family. They do not sell their souls for messes of pottage. Between the Sister of Charity, the Bohemian artist and the captain of a life-saving crew there is great difference in superficial appearance. Their standards of life may be very differently regarded by different readers. But in the cultivation of skill and sympathy by the Sister, of skill and insight by the painter and of skill and courage by the surfman there is so much in common, compared to him who measures his progress in life by the cultivation of a bank-account, that the differences sink into insignificance.

Yet it is not true that the skilled or altruistic wage-earners are all happy. Abnegation and high ideal may

purify their own souls above worldly desire, but it renders them only the more sensitive to the suffering and the degradation about them: the suffering caused by degradation among the worthy poor, the unconscious degradation in the vulgarity of the rich. Not even in the highest altruism of religious faith may one escape the stings of that horrid artifice called barter. The thinking and praying artist may forgive the commercial hand which robs him; but even in his noblest moments comes the bitterness of the cup of Gethsemane: to think that the race of man, which might be so strong and good and fair to look upon, should become so small and cruel as to waste its time in the juggling of prices for personal profit.

But very few attain to such a height. Not a few fail to keep even that competence of daily income which alone can feed it. The wage-earner of the family dies, or suffers long disease, or grows old. The mother breaks down. The children seem to run to daughters, and to unselfish, intellectual, unmarriageable ones at that. The studio or laboratory is replaced by a boarding-house. The old ladies' homes claim what is left, after that gives out. There is no continuity to the class. The income allotted to it by the economic powers is not even a starvation-wage. If it were not for constant recruit from ranks below, of young men with less cultivation but with greater vigor, driven upwards from the soil, by the force of natural growth, from families where the children outnumber the books and pictures, the class would soon become extinct.

Not all the endowed scholarships and Carnegie libraries in the universe can reverse, or even annul, the activity of this great fact. They are returning to the impoverished soil but a minute fraction of what is being steadily drained

from it and dissipated by barter. Not all the fervent preachings of a patriotic and paternal president, calling ever for more children, to stop up the leak, can reverse this law of gravitation, can stanch this oozing away into commercialism or chaos of the select of the republic. Nature here is kinder than man. She consistently refuses to bring into existence what man insistently refuses to feed.

IV

THE COST TO THE WINNERS

"For what shall it profit a man if he shall gain the whole world and shall lose his own soul?"

—*Mark*, 8:36.

"For I say, this is death and the sole death, when a man's loss comes to him from his gain."

—*Browning*.

IN the great competitive struggle of the present generation, what do the winners win and what do they lose?

By the word winners, in this connection, is meant the winners in competitive effort. It does not necessarily refer to all those who have won wealth, for many professional men win wealth; yet the professional occupations, with the exception of the civil law, are purely non-combative, or productive, in their nature. It does not necessarily mean those who have won leisure, for many men who have won enormous competitive power have almost no leisure; they are as much overdriven by their efforts at maintaining their much-assailed position as is the drudge or the harassed pirate. It refers, first, to those who, as individuals, strive in a purely competitive way; secondly, to those who, as a class, have thereby attained to power; and, thirdly, to those who, as heads of families, represent the leisure-class, though they may know little leisure themselves. It includes the ennuied, blasé society-swell, as well as the hurried, worried business-man. It covers the overfatigued hostess of a brilliant social circle, as well as the

self-comforting recluse. It means the over-schooled children of the merely well-to-do, with their lessons in music, drawing, foreign language, dancing and gymnasium, on top of the regular day and Sunday schools, as well as the over-tutored, under-disciplined children of the very wealthy. It includes all those who, by devoting themselves to vertical competitive effort, have kept themselves out of the productive layer of society, as well as those who, by horizontal competitive effort of a winning sort, have succeeded in amassing wealth.

To any such class as this the cost of competition comes home in the guise of physical privation only in sporadic individual cases. Of the barterers, even those who win the starvation-wage of their class are comfortably housed, fed and educated. Even the widows and orphans are usually so; a sufficient inheritance of vested interests keeps the wolf from the door.

But to each one of them comes steadily home, and ultimately strikes to the quick, the ethical cost of competition. Life cannot be carried on for the sake of profit-seeking and the profit-seeker, as a class, not lose continuously thereby. The barterer may be as philanthropic, as charitable, as scrupulous in his religious observances, as conscientious in all his relations with men, as may be; yet in his week-day collections of rent, dividends and profit, with all which that implies, he loses inevitably his chance for the highest ethical development. If, on the other hand, he is as mean as these avocations tempt him to be, he is an ogre. His striving for concrete, perceptible morality is denied ethical satisfaction as persistently and ruthlessly as the striving of the laborer is denied economic satisfaction. If his innate generosity and morality be sufficiently insistent to coerce him, he abandons his competitive for a productive existence, for conscience's sake, as do the few business-

men who turn true statesmen or artists; but with it he abandons economic power. He not only departs from our argument, by ceasing to be one of the "winning" class, but he leaves to less scrupulous hands the field and the power which he himself might have wielded with moderation.

In order to have maintained that power he *must* buy in the cheapest market and sell in the dearest. There's the rub. He personally may refuse to oppress labor, to bulldoze the needy seller, to take advantage of the bewildered buyer. His choice of the cheapest article of raw material which is offered sets free in others all the deviltry of competition in profit-seeking. How may he ensure that the one who sells to him at the lowest price has not attained his figure by oppression of labor, by taking advantage of others' bankruptcy, by employing child-labor and by all the rest of the string of cruelties which men are hired to undertake by the pecuniary profit artificially attached thereto by the competitive system? [1]

If he should feel the truth of all that, how may he avoid it? Buying at more than the lowest market-price avails nothing. That simply places a further premium

[1] Mrs. Florence Kelley, Secretary of the Consumers' League, who is constantly in contact with the factory-life employed in the manufacture of women's underclothing, involving much female and child labor, testifies that the great majority of proprietors or managers are too humane to maintain toward their employees the attitude which competition forces upon them. But they can and will hire less scrupulous foremen and forewomen, who tyrannize the workers unmercifully,—to the inexplicable quieting of the managerial conscience. Mrs. Van Vorst, in her book, "The Woman who Toils," gives a graphic picture of her experience in a Chicago factory, owned and managed by a most benignant gentleman, who operated it upon this plan, with the result that life therein was literally unendurable to many of the girls. When they left its doors no one saw them more, nor cared. The responsibility was over and the conscience clear. Can it be true that the Recording Angel is writing against his name no account of what those girls walked out into when they "threw up" his intolerable "job"?

upon deception. He cannot ensure that the seller at the higher price has incurred his figure by generosity to labor, or by similar altruism in other directions.

Once set free the doctrine that prices are rightfully variable at will, that he who can influence them may do so and may put the difference into his pocket, and the full harm is done. *Comparative individual morality has then ceased to be a factor in the result.* It is a factor only in determining who stays in the race and who drops out. It does not by one atom alter the evil nature of the effort nor the empty character of the prize. Each man is tempted to do his worst. If he resists the temptation he loses his economic influence. He is forced to step aside and let the mad world surge by in its race for wealth. If he yield, he has set going forces which will ramify endlessly and permeate the entire complexity of social structure, converted as they go into resultants and reactions of a sort potent for evil to an extent never dreamed of nor desired by their real originator.

For instance, this barterer may wish to give his family an European trip, or his son another year at college. Most laudable! So he goes on 'Change and bears a few industrials, or takes a flyer on a margin; or he makes extra effort and corrals a competitive concern which has long stood in his way; or he effects a pool of interests become too combative for mutual profit. He makes his "pile," legally and honestly. He spends it honestly. He sees nothing further. But a thousand miles away a widow's securities turn worthless on her hands; five rival manufacturers forego the family's long-talked-of European trip, or remove their sons from college to office; a shop shuts down and sets a thousand hands adrift in winter; a million defenseless housewives find the price of some daily necessary of existence increased. Most damnable, all of it!

But it is utterly useless to condemn the individual doer of these deeds. We may, if we wish to be so foolish, waste time in condemning the trusts or the trades-unions, the capitalist or the laborer. Not all of their acts are easily defensible. But what we may not forget, under penalty of treason, is that they are all, like the honest barterer just adduced in illustration, doing only what we are doing,—except that their opportunities and temptations are on a larger scale than ours. In general, they and we are doing what the law permits and what neither the pulpit nor the press forbids, or even discourages; what they both sanction, in fact, and urge upon the youth of the country as its properly highest aim, viz.: To succeed in business.

To succeed in business is to make all you can out of your neighbor. "What the traffic will bear" is the only limiting rule as to high prices in the commercial world. There is none other voiced by either church or state,—though the true faith speaks up about it in no uncertain tone. But then, that is religion, and it and business have never been known to mix well. The law mumbles something about "six per cent."; about as effectively as might be expected from an institution which has abandoned all pretense to foundation upon moral principle and has planted its banner upon precedent and a percentage. Let one only be so skillful as to cause his twelve per cent., or his thirty per cent., to look merely like five, upon most superficial inspection, and he receives the plaudits of the teachers, the primates, the bench and the well-to-do.

"The court awards it and the law allows it." Only the dim multitudes grow a little more restive, murmur confusedly, and feel about their countable ribs; knowing not how the pound of flesh has left them, but only that it

is gone. Also, that more than one drop of life-blood has gone with it.

But the shameful part of it all is that, in spite of this wide belief in the virtue of commercial competition, each actor in competitive effort *is* conscious, cannot help being conscious, to some quite appreciable degree, of what he is doing. He knows that his effort is to get command of the largest market at the highest price compatible therewith, and that any increment in either comes from his neighbor's pocket and is to the latter a loss. He knows that this is the antithesis of unselfishness, of Christianity. He either feels the sinking of his self-respect as he does it or else he has grown callous. He retreats, very naturally, behind the defense that failure of selfish effort would only reverse the situation, not remedy it; that then the other man would just as gleefully and just as wickedly pocket the defendant's loss.

The defense stands good as an indictment of the institution of barter, but not as freeing the barterer from blame. He has heard, perhaps the day before, the sermons of Him who taught the return of good for evil, who taught a better rule than the golden one: Do to your neighbor better than you would be done by. It is not sufficient to sing amens to these doctrines on Sunday and to subscribe to the Charity Ball on Monday. All through the week let him remember his Sunday's attitude, which he felt to be so elevating and proper, in his daily transactions with all men. He will, of course, find it impossible of incorporation into his business acts. But it will come well home to him, if he but try it conscientiously, that it *is* impossible, that profit-seeking variation of prices and the practice of Christianity are hopelessly incompatible. If he makes but the slightest pretense to consistency

he will see plainly the alternative before him: To retire from competitive business or to retire from avowed Christianity.

But if the weak flesh fails of that altruistic attainment it can at least rise to a denouncement of the situation which tempts it. The situation is absolutely a human and an artificial one. Man has made it. He can break it. He has not made it consciously; he has inherited it from the more brutal past, as he did slavery. But it is none the less than slavery an artificial institution, to be absolutely and permanently abolished just so soon as enough good men and true say, each to himself and to his neighbor: It shall be done!

Upon every one who barters, whether for a railroad, a day's work or a yard of muslin, hangs heavily this indictment of guilty responsibility for the entire "social question." It is not the Vanderbilts nor the Rockefellers who alone are oppressing the poor; for if they ceased all economic activity others would take their places. It is each individual citizen, carrying on his daily portion of bargaining, buying his shoes and hatpins, selling his particular wares, hiring his factory or domestic help,—hoping ever to make his efforts more successful, more powerful, more profitable; opposing ever the efforts of the open-minded for the cessation of all barter,—these are the ones who, conscience-stricken, must lie awake at night to hear the wails of the needy and the broken-hearted, the curses of the vengeful and the desperate throughout the land.

All this aside, however, does competition pay, without regard to conscience, even when one wins? Does it bring peace of mind, or health, or leisure, or insurance against any of the physical or mental ills of life? Does it create

a community-environment, visible or invisible, of the sort ideal in modern civilization, a thing of peace, beauty and harmony?

The business-man is always worried. He is always overworked. His family scarcely knows him. He lacks leisure and the æsthetic appreciation which goes with it almost as thoroughly as does the laborer. One of the editors of one of our best monthlies once remarked: "I never knew a man truly lovable, to the core, but that he was a man of leisure."[2] The business-man's leisure never comes, except with competence and retirement. To many men these never come. When they do they find him broken in health, chained to commercialism of thought and taste and lost forever to true amusement.

A young man, a stranger to New York and what it stands for, was once taken to view the yachts laid up in winter-quarters in South Brooklyn. There were arrayed not only the white-winged craft of moderate size, costly means to a day's racing or a week of cruising, but dock after dock filled with great steam-yachts, veritable baby-liners, many of them fit for the Australian passage and all of them palaces within. The figures of first and current cost were astounding. "Where," he asked, "can enter the return commensurate with such outlay?" "The men who own these boats," came the reply, in a tone of derision at his greenness, "have bought every pleasure purchasable here below. Even so, they cannot spend their incomes. They are most of them dyspeptic. Many of them are overworried. All of them are bored. If they can keep a steam-yacht in commission at a cost

2 "Half the charm of people is lost under the pressure of work and the irritation of haste. We rarely know our best friends on their best side; our vision of their noblest selves is constantly obscured by the mists of preoccupation and weariness."—*Hamilton W. Mabie.*

of a hundred thousand a year and get out of it a single half-day of real enjoyment, the investment is a profitable one—to them."

The answer sank deep. If this be success, the lauded goal toward which our young men are urged and for which they are trained, where is the intelligence of our vaunted civilization? If this be legal, where one man may spend for a day's pleasure, often for mere vulgar display, still more often in dissipation or in empty political ambition for public office which is criminally unpatriotic, a sum which means life or death to hundreds or healthful pleasure to tens of thousands,—if this be legal, where is the boasted justice of our free country?

That incident occurred nearly two decades ago. The answer which time has brought to the inquirer is more cruel, more absurd, more stupid in its cruelty, than could have been compassed by his youthful imagination. Not only is any man who attains the commercial power legally free to tax, in the form of profit, interest, rent, dividends or the "cost of doing business," millions of his fellow-citizens, until the plethora of his accumulations stifles him, but he is permitted to collect that tax by means of a free fight over the spoils which wastes and loses two dollars for every one which he succeeds in clutching. For clumsy inefficiency, as well as for cruelty, slavery is not to be compared with the competitive method of the distribution of wealth; for slavery affected, directly, only an inferior race of men, while barter oppresses the best in the land; slavery conserved, with profit, those whom it oppressed, as railroad-contractors do their horses, while barter irresponsibly murders those whom it has robbed.

But these considerations do not bear so directly upon the ethical side of life as does the impalpable, but not the less coercive, fact that every man is placed in relation

to his neighbor *upon a comparative basis*. His income, or his bare opportunity to strive for one, depends not upon his absolute, but upon his comparative, productive ability. A given person may possess parts, inherited or acquired, which fifty years ago would have placed him in impregnable superiority. To-day, because of tremendous improvements in productive methods and machines, those same parts will produce five or ten times as much wealth as they would have then. Yet their possessor now receives the starvation-wage, or perhaps no employment at all. He has become the unknown employee of some "trust." Fifty years from now he, or his grandchild, having the same parts, may actually produce ten times as much as now; yet, if competition has increased likewise, they will be poorer then than now. *Ecce* progress and poverty!

This happens solely because his income amounts to the *margin of comparative superiority* over his fellows. The worth of his absolute productivity is lost sight of. He is like a horse capable of usefully traversing a mile with the useful celerity of two minutes and twenty seconds; if he be placed in comparison with race-track neighbors capable of trotting but a few seconds faster he becomes almost worthless. We employ our great army of industrial servants upon the national principle of dealing in margins, instead of buying outright.

On the race-track or in the broker's office, where sport is the object of all effort, this may be right enough. But for the nation to deliberately base its entire industrial structure upon, and to make the question of life and death for many of its citizens depend upon, such a purely gambling principle is hardly in convention with our other standards of public morality.

The application tests the moral. Since the attitude of

each toward all the others is condemned to be that of odious comparison in all matters industrial and commercial, it inevitably becomes so in all private life. With the winners and their families the perception of absolute beauty is almost impossible; its proper appreciation is out of the question. Everything is comparative. Realities are lost sight of. Private possessions and social functions, the material environment of home and childhood and the immaterial attainments of education and culture, the fruits of creative art and the exhortations of the morally inspired, are all viewed alike as worthy or unworthy, as offering the consolation and inspiration of beauty or the annoyance of a thing ugly and hateful, solely according to whether they be more or less than that of a neighbor or of some other class. The philosophical truth that all things are beautiful and that ugliness does not exist falls surely into stony soil in the ears of the present generation. In the midst of luxury which might otherwise be beauty and comfort also, there is no wholesome content. In each one's mind the question is not: "Am I well off?" but, "Am I better off than he, or she?" The right and proper discontent of man with his attainments coupled with the divine peace of content with his possessions has given way to the sordid combination, in the self-made man, of complete satisfaction with himself and complete dissatisfaction with his possessions.

In such a field as this the teachings of art, of religion and of daily life struggle for a compromise in a field of hopeless incompatibility. The result is not so good, even, as an honest compromise. A dishonorable duplicity takes its place. There has grown up and been accepted a dual system of ethical standards. Its two opposite parts are: (1) those of the shop and office, and (2) those of

outside life. In the former the association of man and man is that of machine to machine, grouped together solely for convenience and efficiency in production. Goodness consists of success in those directions; failure in the same is blameworthy; all else is negligible. Those amenities and courtesies which, in the long run, are seen to lubricate transactions are admitted; all others are barred out. The one unpardonable sin is to fail to be productive, at least in the barterer's sense of the word.

So universally is it taken for granted that these standards are true and right, so steeped in and blinded by the revered traditions of "business" is the average person, that it is actually necessary to call attention to the complete reversal of these standards in every other walk of life, in all the other activities of these same average people.

It can scarcely be forgotten that in the family-home productivity is no criterion of worth, no gauge of the portion of available love and care and luxury to be allotted to each. It is usually the most useless: the babes, the aged and the invalids, who get the best. To the productive ones, the healthy adults, their very ability to produce is unconsciously accepted as being itself their chief reward in life. They can be up and doing; therefore they need no other consolation or enjoyment. Yet in the family we have the oldest, the most stable and the most perfect example of that community of interests, and of coöperative specialization of industry for the protection of the race against want, the evolution of which is now taking place before our eyes and in our hands in the growth of the organic state.

It is less familiarly obvious how universally these same standards are applied to all public activities not tainted by association with profit-seeking. Let an inhabitant of

another planet arrive and inquire of us whether we be civilized: what would be the reply? We should point with pride to the hospitals, the lunatic and orphan asylums, the homes for the aged and infirm, the public schools and the reformatory prisons. We should explain, most gratifyingly, that the community as a whole recognized to the full the truth of the fact that a chain is no stronger than its weakest link, that a community can never far surpass in development its weakest class, that any small disregard of human life, liberty and happiness is publicly demoralizing; in short, that life is sacred. We should show how consistently and systematically, at what pains of scientific and costly effort, every scrap of maimed humanity is cherished and protected; how no case entering the hospital is so desperately hopeless as to stay the surgeon's best effort; how no poor wretch may be so hopelessly insane or so ruthlessly criminal (except in one single line) that he should not be fed and housed to the end of his unnatural days; how the law and the public officers protect alike the babe unborn and the senile idiot.

We should show in all this how consistently the connection between productivity and protection is not only neglected, but is reversed; how the least productive members of the body politic receive the most systematic care. We should reveal how thoroughly the fact is grasped that any departure from this standard, any discarding of life as comparatively worthless, any prostitution of life to a valuation of it in terms of anything more material, were a double loss: of it and of our best selves too. If the Spartan murder of unpromising children, or of the hopelessly mad, were proposed, we should not only shudder our refusal in horror; we should fearfully falter that we did not dare. We should realize that it would not pay, in the long run; that the reduction of life-

valuation to terms of mere present productivity inevitably loses to the community its greatest potentiality for future productivity: solidarity.

Yet in the shop and office these altruistic standards are utterly neglected, with neither disgust nor fear. So soon as a member of the little community becomes non-productive,—or rather unprofitable, productive to a degree less than a certain standard,—he or she is discarded. In enforcing this unwritten law the industrial authorities, petty or powerful as the case may be, will not recognize any wrong action. They say that they must; which is true, in one sense. But they do not need to say that it is right. These men are Christian gentlemen. They support and encourage the institutions of charitable civilization. Why can they not see that it is the unchristian ethics of their commercial actions which alone creates the demand for them? The head of an office will mechanically and unthinkingly discharge a female employee, creating thereby a potentiality for crime, lunacy or suicide, when he would rebuke himself and apologize to her for clumsily colliding with her on the sidewalk. The women of his social circle must not receive at his hands the slightest suggestion of affront or annoyance; the women of his factory receive at his hands an income such that honor can be maintained only at the expense of health, sanity and life itself, in the face of temptations, due to unnaturally congested homes, which only the minority can resist.

This dual and inconsistent standard of ethics is hopelessly demoralizing. Does he say that he cannot help it? I say that he is the only one who can help it. This problem will be solved by the able business-men of the community or it will not be solved at all. He cannot help it by arbitrarily and individually raising wages. He can

aid it in only one way, and in that way with absolute certainty of success: By combination with his fellow business-men (1) in absolute disregard both of immediate private profit and of partisan politics, and (2) with the firm purpose of substituting the coöperation of the entire community for the present commercial competition between the strongest individuals. The bread thus cast upon the waters will not only return to him an hundredfold in the shape of the production and enjoyment of commodities, but in the first free growth of his class in the line of ethical development.

The details of plan and policy for doing this can safely be left to his judgment. Neither the statesmen of the day nor the book-writers and economists possess the equipment essential for their proper direction.

But it is not alone in the business-office that the false ethics of commercial competition prevail. There is no field of higher effort ever touched by the winners which is not tainted with the habit and its philosophy. More men send their sons to college because other men send theirs than because they really believe in added efficiency or happiness to be gained thereby. All colleges arrange their curriculums with a sharper eye to keeping up the size of student-body than to the really best development of the young. In music and in art it is much the same. It is the one who can fill the auditoriums who is declared fit and who is accorded the means to survive, not the one who leads the way toward the highest ideals. The churches bid for patronage almost as do the theaters. The yellow journals are doing nothing worse. In every pleasure or amenity of life the man who measures his day's work as good or bad according to whether it be greater or less than his fellow's, measures inevitably his

enjoyment by the same scale. His music, his art, his club, his church, his dinner-table, his country-home,—nay, he is tempted even to include his wife and family,—are all good or bad, not according to whether they embody and reflect some modicum of that divine beauty which lies in all things, which is never negative and which it is the sole joy of life to perceive; they are good or bad according as they may be larger or smaller, better or worse (to his superficial standards), than others of the circle which his birth and tastes have led him to enter, or to try to enter, and adopt. Look at your few cherished friends, whose best side you see, and you will deny this. Look more abroad, in the newspaper reports of divorce-trials, forgeries and defalcations, and you will see that it is true, that the fruit follows the vine.

Since, in such social and ethical competition as this, the failure of the many to equal the advanced position attained, necessarily, by only the small minority is inevitable, the winner of the economic race is prejudged and condemned, by his fundamental philosophy, to failure of satisfaction in the ethical field of effort. As surely as he has won above the whole world, or even tried to do so, he has lost his best soul.

It is this compensatory balance between economic loss and ethical gain which founds the two aristocracies of free America. The aristocracy of wealth has won economically and has lost ethically. It has hopelessly lost that proper perspective, that sober estimation of all things and that sensibility to the most delicate, even the imperceptible, which together constitute good taste. It has the superficial appearance, the studied manner, of high cultivation. All else is denied it.

The intellectual and ethical aristocracy, on the other

hand, has lost economically, more or less voluntarily, in that either it will not or it cannot enter the race for wealth; but it is thereby freed for real ethical development. It may include the offspring, after sufficient generations, of the other class: those who have inherited, rather than acquired, privilege and opportunity and who have failed to inherit the taste for profit-seeking. But its greater proportion consists of those who are receiving the starvation-wage for the best productivity which the twentieth century affords. Theirs are the highest aims, the noblest endeavor, the finest taste, the genius for creation. Chained to the tread-mill of pot-boiling, except for the consolation of abstract or religious faith theirs are the tortures of Tantalus. On every hand lies truth, beauty, inspiration, opportunity, loud need: for appreciation, absorption, creation, devotion. But theirs is neither the time nor the strength nor the means for response. They are fearfully the sufferers. Pain is apportioned to refinement of sensibility, not to force of blow. But are they the greatest losers? How does the community fare, compared with what it might, for their paralysis?

It is what they are and what they have to give which the winners fail to attain. It is these, the things which they can neither be nor have nor understand, nor hardly see even, which constitute the immeasurable loss of the winners.

V

THE COST TO THE COMMUNITY

THE real cost to a community of any institution which makes for the degeneration of ethical standards lies, of course, in its resultant effect upon each individual citizen. That the highest development of the individual is the object of all human effort and the proper test of every human institution or doctrine is agreed upon alike by the most antagonistic schools of modern political doctrine. From the anarchist at one end of the line, urging that there be no law but the individual will, to the socialist at the other, urging that the natural integration of individual wills shall be made really superior to any one of them,—through all the intermediate degrees of political faith upheld by less radical citizens,—the difference is wholly one as to ways and means advocated, not as to the object in view.

In the preceding study of the ethics of the individual as influenced by the economic forces controlled by one class of citizens, therefore, the ultimate goal of the present analysis might seem to have been both reached and covered. But the transmission of the effects of competitive effort to the individual character is not always so direct nor so plainly visible as in the cases cited. There the discussion was confined to the reactive effect of competitive effort upon the individual exerting it, or to its detrimental effect upon the fortunes of others through the medium of merely material forces. For the time, this was deemed a sufficient indictment. But competition does more and worse

than either of these. Its economic forces become transmuted into ethical ones of a social order, and in that guise transmitted throughout the community in parallel with, and in more insidious fashion than, the original economic forces. In short, competition does harm in three distinct ways:

(1) It robs and starves, and in that way degenerates, the individual producer.

(2) It perverts and corrupts the individual barterer's opportunity for ethical development.

(3) It establishes standards and customs within the community which react to the detriment of every citizen, without regard to whether he belongs to the bargaining or the producing classes.

It will be convenient, and quite sufficient for the purposes of the argument, to investigate these secondary social effects of competition upon our national standards of life under the topics of Crime, Corruption, Education, Art, etc., as representative of the long list of less prominent fields for its reaction into which this series might be expanded. Of these absent members only one, Inebriety, deserves special mention here. That it is one of the most direct fruits of the competitive system, of the reward in the shape of expanded profit which we offer each brewer and saloon-keeper for his efforts at expanding his trade, there can be no question. That all efforts at its restriction by law or public opinion must fail until this most effective expansive force be removed, by the manufacture and sale of all alcoholic beverages by those having no interest in the volume of trade handled, but rewarded by a fixed salary, must be obvious. That it is utter folly to operate an industry such as this, which all agree should be restricted to the utmost possible, under the profit-making system which is universally praised as the one leading to

the most rapid expansion of trade wherever it is applied, all must agree. For the reactionary process which has heretofore been shown to enter to the restriction of trade conducted for profit, viz: contraction of purchasing-power, cannot operate to the alleviation of the liquor traffic. The attitude of mind which contemplates inebriety is never conscious of restricted purchasing-power, any more than it is of endangered ethics. If the money be in pocket, it buys and drinks. Thus, it is plain, the total restriction of purchasing-power due to all profit-seeking, that in liquor-selling as well as all other industries, falls, in the man overwearied by the futility of life and labor and face to face with temptation toward the temporary Elysium of intoxication, upon his purchasing-power reserved for the necessaries of life. The harder you oppress him with barter the more beer and the less bread he will buy.

All of these considerations must be so obvious to anyone who has at all succeeded in following the previous analysis of social relationships that it hardly seems necessary to argue them. Only the importance of the liquor-evil could warrant it. Nor would the duty be evaded here were it not that there is no topic concerning which the average man has such firm preconceptions and conclusions, and such complete confusion of cause and effect, as the liquor-question. There is hardly a department of economics or ethics into which its influence or its reactions do not extend; but in every one of these it is so much a matter of obscurity as to whether the liquor be an inflammatory cause of other evils or an intensive reactionary effect, that little progress is to be made in the discussion of its details. We have now pointed out the fundamental forces which are to be kept in mind in its consideration. More than that it does not seem profitable to attempt here.

In the development of the argument allotted to these

several fields of ethical activity it will be necessary, in order to prevent confusion, to carefully define and somewhat restrict the meaning of the several captions within useful limits. The word *crime* will here be restricted in its definition to refer only to physical violence, to ebullition of animal spirits or passions beyond proper control, to misdemeanors usually adjudged in the criminal courts only.

The word *corruption* will here be defined as covering all crime of a purely pecuniary nature, whether grand or petty larceny, or forgery, whether occurring on the part of a governmental official or a citizen privately employed. Such cases might come under either criminal or civil prosecution.

The word *education* is to be understood in its broader sense, as including all the grades and sorts of educational institutions; but it is also to include that more intangible but far more effective education of the young which is exhaled to them from the surroundings of their childhood days, and the standards of taste and of right or wrong which they find about them as they pass through the formative years of adolescence, than it is the more deliberate and conscious teachings of later years.

The word *art* is used to refer to questions of public taste. It is necessary to remind the reader here of the difference between true public taste and private taste publicly expressed. If chance has led, for instance, some private citizen to create, or even to present to the public authorities, a statue of the St. Gaudens class, a picture worthy of Titian or Turner, or a library-building such as a Richardson might have imagined, that is not an expression of public taste; that is purely an individual phenomenon. In the face of it the community bears the attitude of passive acceptance, at the most. It was not responsible for its

initiation or its mold. It does not deserve the credit for its existence. In consequence, both the phenomenon and its results are of a sporadic, haphazard and desultory nature. In their reaction upon the current growth of the community they are not coercive. That they do exert some reaction is not for a moment to be denied; but its nature is one of resistance in a losing game, one of a partial stemming and diverting of the floodtide of life which is pouring past them, quite otherwise intent upon its real community-aims, than it is as the natural and unconscious expression of the main purpose of the adult unit-life of the community to itself. Public taste of this latter sort at one time brought forth the temples and statues of ancient Greece, at another Roman law, at another the cathedrals of central Europe; but it has had almost nothing to do with those periodic outflarings of individual creative genius which have illumined almost all countries and all ages, largely without regard to the state of war or peace, of wealth or poverty, or of political development which prevailed at that particular time and place.

It has already been pointed out as a preface to further discussion that the great bulk of the producing class is hopelessly without taste, although this same class, economically speaking, includes that minority which leads the world in the highest development of taste. Further, that this minority acquires or cultivates its taste wholly in defiance of, not in consequence of, economic forces, that its votaries enter the producing class because they possess too much taste to waste their lives in barter, and that they enter it facing the certainty of a life of comparative poverty.[1] Barter does not accord to its adherents that taste

[1] It is a fact worthy of serious reflection, in connection with what has already been said concerning the continuous recruiting of the upper æsthetic classes from the lower, that the great majority of the latter's individuals, in their efforts at improving their condition, should seek im-

the chance for which it removes from the lower classes, any more than it saves to them the wealth of which it robs us all. Barter is inimical to taste and cultivation in every direction; it crushes it from the producing classes by starvation and from the bargaining classes by plethora. The entire history of art, science and education on the one hand and of barter on the other reveals relentless warfare between the two. The former have developed only as they have been able to prevail over the latter. The classification of individuals in their direct relation to the competitive system on questions of æsthetic development is thus complete. It is the indirect relations which lie quite outside this list and which are noted in paragraph (3) which now concern us. Under this head it seems proper to look a little more broadly at the community as a whole for further evidence as to the extent to which the individual is unconsciously affected by the influence of competitive effort.

Crime [2]

Crime is the natural resultant of two forces, which act in opposite directions:

(1) *Temptation.* This must be the greater of the two, though not necessarily great to other eyes than those of the tempted.

(2) *Lack of will-resistance.* This must be the lesser of the two, though not necessarily slight.

proved skill in productive art, at all sorts of technical schools, rather than the cultivation of skill in barter. When we contemplate the comparative poverty of reward for the former and the inflated pecuniary returns for the latter, when we realize the comparative forces of this artificial situation, the comparatively slight response of the youth of the land to barter's gilded bribes reveals nakedly the direction of the natural biological tendencies of the race and renews our faith in man. It is not in human nature at all to turn willingly away from the study of God's footstool and the cultivation of His handicraft toward the savor of the flesh-pots.

2 For a fuller discussion of the growth of crime, see Part I., page 301.

Temptation arises from physical desire refused natural gratification. For the clear understanding of this fact there must first be annihilated the common error, viz.: That ungratified desire impels the individual toward the lawful means of gratification.

The common attitude toward the unfortunate, for instance, is that the stimulus of hunger is needed in order to make them work, for they are so very lazy. Yet equally common, and in the same minds, indeed, occurs the opinion that the unfortunate must always be expected to steal, etc., for their hunger, coupled with their laziness, naturally causes them to shun work and to turn instead to criminality. These two opposite and inconsistent attitudes are assumed in turn by the same people, by well-meaning people, in explaining to themselves how it is that some are hungry and some unfortunate.

Indeed, these superficial doctrines are both needed, at least for the salving of conscience; for in no other way can the doctrine that the suffering are deservedly so, and are beyond our responsibility, possibly be sustained. But for an honest understanding of the matter the first question to be disposed of is this: Does want, in the long run, drive the average man to work or to shirk work? Does work need to be " induced " out of a man; or is it a natural phenomenon, the natural result of being fed and rested, needing only to be let out?

Primarily, the stimulus necessary to any action is a psychic impulse in that direction. When one is hungry he tends to eat, not to work; when he is tired he tends to rest, not to make beds; when he possesses surplus strength he tends to move about and do something. This rule applies throughout all life. The great bulk of all activity results from such impulses.

Quite incidental to this reaction is the purely intellec-

tual observation that hunger, in order that it may be satisfied the next time it arises, should serve as a signal for the direction of the *next* spontaneous impulse to do something into channels productive of food. But this conclusion of pure reason is removed from spontaneous naturalness by three distinct steps, namely:

(*a*) It is useful only for the future. When one is hungry he not only feels no impulse to go to work and get something to eat; but, by all the canons of hygiene and anti-suicide, he ought to be allowed to do so. He ought first to be fed and rested until, the cycle having made another revolution, he feels like working again. Then only is this ordinance of value, as a guide to that effort. Indeed, it is the honorable attempt to evade this natural fact which leads to so many broken good resolutions. When the pressure is upon one it is easy enough to carry out this intellectual deduction to do differently next time; but when the time comes the action depends hardly at all upon previous conclusions as to desirability, but chiefly upon the fund of physical and moral strength available for immediate demand.

(*b*) It depends upon the certainty, for this future contingency, that the work expended now will then bring back the desired result. Here is where the foundation goes out from under this entire philosophy, under present economic conditions. The larger part of Part I was devoted to showing how the prime characteristic of our present commercial civilization consists in the certainty on the part of the producer that he will have return to him only some thirty per cent. of his productivity, and the complete uncertainty on the part of the barterer as to what proportion will return to him at all. Indeed, it seems plain that this fact constitutes an all-essential step between the pressure of economic starvation or submergence, on the

one hand, and that moral degeneracy which was ascribed to it as its effect in those pages. Mere momentary pressure of want or pain seldom drives men to the attitude of the criminal. We have plenty of evidence as to this from sailors cast away in open boats or from soldiers in battle or afterwards; although the former may become cannibals, for instance, it is with a grave and deliberate sense of what they do, and it is done with justice and impartiality. But let either continued injustice or complete uncertanity be a factor in the situation, let time do its work, and men become demons. With the lower classes it is their experience, too often repeated, that faithful effort does not bring gratification to natural appetite which produces in them not only the unnatural appetite but the disposition to gratify even natural appetite vengefully, at someone else's cost rather than otherwise. With the upper classes it is the element of chance in the distribution of the material rewards of life, now pouring out affluence with prodigal hand, now condemning to immediate penury the nature long nurtured to luxury, which creates in these more prominent levels of society the public conscience of the gamester and the adventurer where should prevail the sobriety of the man certain of the fundaments of life.

(*c*) The phenomenon is purely intellectual. But when one is under pressure of exhausted vitality the intellect does not work. The unconscious impulse then takes charge of the body and directs operations. Brute instinct then replaces reason,—and, indeed, to a better ultimate solution of the situation. Force cuts the Gordian knot which selfish intrigue had tied. The whirlwind springs from the seed wind-sown, and scours and cleanses an atmosphere choked with unjust and paralyzing dogma.

Thus, secondarily to the primordial and direct interaction between impulse and deed, stimulus to action may be

derived more indirectly from the original sensation by an intermediate activity of the intellect. But all such secondary transmutations of psychic energy, when compared with the primary impulse, are both weak and limited in duration. The man continuously without appetite may force himself to eat for a while; but he does not eat heartily, his food does not sustain him and he does not long continue to eat. Eventually the ability to force down food disappears and he succumbs. Nothing can help him but a natural appetite. And the same is true of his work.

Widespread and prominent at present, among the men of education and power of the land, is the doctrine of the conservation of energy. The futility of the dreams of the inventors of perpetual motion is the subject of much preaching and not a little ridicule. More recently, indeed, has appeared and found wide favor the sermon against what has been called "perpetual motion of the second class," referring to the frequent attempts to bring about energetic phenomena without regard to the "Second Law" of energetics, without a drop in intensity of the energy of the primary form. But, strange to say, it is in these same walks of life that appears the most widespread worship of a doctrine which is fundamentally opposed to and inconsistent with both of these natural principles just mentioned. This doctrine is the one which proclaims, as a natural fact, what is called the "free will" of man, or the power to choose otherwise than is dictated by the natural reaction of previously stored configuration to momentary environment, otherwise than by natural law, otherwise than with psychic energy conserved, with psychic intensity depressed. This doctrine of the free power of the individual to choose amounts to nothing more than the belief that, although under this law of the conservation of energy must come not

only every other living creature and inanimate object in the known universe, and each impulse which leads either of them into any activity whatever, but also (so far as He has yet vouchsafed us evidence) the Supreme Power Himself, yet that man stands out alone from all the rest of the universe in this respect. It is almost universally believed that he can create both the impulse and the power within himself to do what he chooses,—or at least, even if he be limited in his ultimate degree or scale of powers, that he *possesses the power to choose.*

Does he? This is the question which lies at the very foundation of modern social ethics. Viewed from purely ethical premises, as a matter of opinion, emotion, experience, etc., it permits of endless discussion. Viewed from the standpoint of a Baconian philosophy, however, under the demand that it be in consistency with our many other never-to-be-surrendered deductions from laboratory and world experience, its answer is as clean-cut as light and shadow. Individual will of choice is as much a natural phenomenon of an energetic character as is sunlight or electricity. It must fall just as inevitably under the fundamental laws of energetics. To doubt this is superstition,—an assumption outside the facts. If this be true, then "free" will (and this means the choice precedent to action, not the active impulse) cannot possibly be created from nothing, nor can it grow spontaneously from nothing. It can be created, and it can grow spontaneously after creation; but only as corn or aught else grows, after the planting of seed in a favorable environment, and by the absorption from that environment, to the last particle, of the materials of which it consists. Indeed, the only manner of its "original" creation, as of any other thing organic or inorganic, is by the accordance to it of that favorable environment which will lead to growth.

When we wish to grow corn, for instance, do we find it sufficient, or even of assistance, to exert a downward pressure on the ground about where it is planted, with the idea of forcing it out the faster? That method might produce a fountain, but scarcely living corn. Yet this is the method applied to the human will by believers in the ethics of the present wage-system. Or do we, after the corn is sprouted, erect a derrick-tackle and fall above it and proceed to pull it upwards, that it may grow the faster? That will give us dead stumps, but scarcely living corn. Yet that is the method of the university-settlement and the organized charities; it is at least the method of many a pulpit. Or do we let the corn sow itself from the stalk and then leave it there, saying: "Leave it alone. It can grow itself if it only wants to. It is none of our business. And besides, it won't be worth anything unless it has to fight its way up." Yes, that will produce corn; corn able to fight its way up, at least, corn such as the aborigines had, but not just the sort of corn expected of modern civilization; and when we come to the eating of it, it develops, to our sorrow, that its cultivation was indeed our business, after all.

All of these remarks apply without modification to the cultivation of the human will, and to the latter's choice between right and wrong. Each is a natural organic phenomenon. Like all such, it will grow and flourish, indeed it will insist upon doing so, from an incentive inherent within itself and not possibly to be exaggerated by external, artificial means, until it meets the limit imposed upon it by its environment; and that environment consists, in the present case, almost wholly of material supplies and artificial human relationships. It needs no coaxing. Clumsy attempts at that only do it harm. If we are dissatisfied with its progress our indignation must be

directed against the field which we have prepared for it, not against it.

The explanation of this widespread inconsistency between our beliefs in material and in psychic energetics is fourfold. In the first place comes the general trend of human evolution in ethics, which appears so prominently in all human history: the fact that the race began the life which distinguishes it from the beasts, the life of imagination and abstract idea, by baldly assuming that it was the center of the universe. In the beginning all things, apparently, centered about man. He was the object of all natural phenomena. The storms and earthquakes which harmed him were sent by deities imbued with hatred and ferocity. The gentle rains and favoring breezes were the deeds of spirits kindly in their nature. The good deities bore the form of man at his best; the evil ones the appearance of man deformed by passion. All was purely personal. So, since these gods were but men more human than men, more given to partial love or impartial hatred, more clumsy in their attempts at vengeful justice, man then stood to himself as not only the king of all creation, but as the creator of all current phenomena. The seasons made their rounds favorably or unfavorably, winds blew, disease arose or disappeared, war or peace held sway, according to whether man's free acts had pleased or angered these less than childish gods. And so, when he opened his eyes to the stars of the heavens as worlds outside our own, he assigned to them, most naturally, imaginary positions and orbits in a periphery of which the earth was a center. The entire astronomical philosophy which Copernicus and Galileo must overthrow before the wondrous fruits of modern astronomy might be enjoyed was nothing more than a natural expression of this prehistoric racial assumption that, because sensation and consciousness lie near at

home to us, man must be first and free and all nature second and sequent.

It seems scarcely worth while, and yet it is necessary, to call attention to the fact that the entire progress of human knowledge and power has been the result of the slow denial of this superstitious philosophy, step by step; of the slow reduction of man's earth from its assumed position as the center of the astral universe to its present acceptance as a mere speck of cosmic dust, lost to all vision from other worlds than ours, not in infinite darkness but in an immensity of light and of finite dimension inconceivably greater than it; of the more rapid but equally hard-fought reduction of man himself from his ancient position as king and cause of gods, beasts and whirlwinds to his modern acceptance as the latest result of a chain of natural evolution, of a chain beginning in purely inorganic forms of energy and passing through all the long series of lowly slimes and horrid beasts, through savagery itself, to the latest, the youngest and the most delicately balanced offspring of them all: Man and his Civilization.

In the long war which scientific progress has waged throughout the centuries with this primordial superstition of the species, in order to bring out the truth, in order to confer upon man that power which is wielded only by humility, in order to force into slow human habits of thought the ingrained conception that mind possesses no power whatever over matter, but succeeds only as it obediently follows matter's law-abiding activities,—in this long war waged for the good of the vanquished the last ditch to be fought is this last survival of the ancient superstition, this modern blind faith in the free autonomy of the human will.

In the second place, viewing the situation more in the light of the particular questions of our own day and gener-

ation, this belief finds support for its continuance in the fact that the average man very plainly does not possess sufficient initiative to develop the industry or the character or the something which is plainly needed to bring to him a competence in life. We do not see that he is already drudging at a rate of productivity several times as great as the income which he enjoys. We see only that, apparently, he does not do enough. We do not see that, no matter how much more he may produce than now, barter will absorb and destroy the bulk of the increase, until it leaves him almost the same dull drudge as now. We call him lazy. Does that not mean that he lacks something,—something which has been squeezed out of him, drop by drop, while the rent and the interest and the dividends and the barter-cost were also being squeezed out of him?

In the third place, the majority of those who speak so deprecatingly of the laziness and improvidence of the laboring classes, and of the need for an inducement for them to work, cannot be listened to as impartial authorities; for they themselves belong to the bargaining class, usually as employers. The situation is then a palpable one,—and hardly to the barterer's credit, when once seen truly outlined. Since they receive, as gross profits, all which the laborer can be induced to produce above the starvation-wage which will keep him on hand, of course he is lazy! It is plain that he ought to do twice as much as he does; for would not the barterer then receive four times what he does now: the one-third of the original produce plus the three-thirds of its duplication? It is no reply to this to say that if the laborer's productivity increase his wages will increase. The latter is thirty per cent. or less of the former. The employer may think that the Supreme Intelligence ought to have constructed laboring nature so that an increase of three units of income would

result, after complex and mysterious metabolism within the laborer, in an increase of ten units in productivity, that the barterer might enjoy the other seven, or at least what is left of it after barter-cost is paid. But it happens that the Supreme Intelligence does not act in that way. In fact, He Himself respects the law of the conservation of energy, and puts seed and opportunity in before He expects fruit to come out. Indeed, He even justifies the use of fertilizers! Is it so wonderful, then, that from the hampering shackles of such a material necessity the employers of the land should not have found themselves entirely freed?

In the fourth place, and of not the least significance, lies the fact that the energy involved in the human will is of a potential character and therefore, like all potential forms of energy, invisible except to the trained eye. Stored in each human organism is a fund of potential will, character, conscience, whatever you please to call it, which has been accumulated partly by the life of preceding generations and partly by its own life,—not put in by artificial human charity, whether organized or not, but absorbed into itself from the soil, the air and the sun, by the mere fact of unconscious life and spontaneous growth. To the stock thus found upon the scene the life in question adds by accumulation or diminishes by dissipation only according to the simple fact of whether it receives more than it disburses or is forced to exert more than it receives.

Under the stimulus of reason this fund of potential life-energy can be drawn upon to divert or stay in action the natural tendencies of life in the face of environment for a certain limited period. At the end of that time the resistance is gone, animal instinct resumes its sway and the life-action becomes again in all senses natural. Ten days in an open boat, they say, will make a cannibal of any man.

Whoever has seen Miss Terry's impersonation of *Marguerite* before *Faust's* casket of jewels has applauded a revelation of this process, the finest touch of the human in the entire play: The natural desire, the promptings of conscience, the self-reminders of rules of conduct learned by rote since infancy, the telling of the beads for protection from temptation: all ending in the inevitable surrender, "Oh! I should *die* if I didn't look!" All the criterions of art are based upon the recognition of the truth of her exclamation, that all that was strongest and best and truest in the character would actually have been dead, she would not have been worth looking at, had she succeeded in permanently overruling the natural impulses of her life by resource to artificial rules of propriety.

So it is with labor. A man may force himself to work, for a longer or shorter but a strictly limited period, and with a limited efficiency, when he does not spontaneously desire work. He may work because he is hungry, or because his family is hungry, or because his Sunday's sermon says that he ought; but he does not do it long nor well. He is just as purely a pathological case as is the man who forces himself to eat without appetite. The man who doesn't like his work is just as sick as he who doesn't like his dinner. Both, if they force themselves against their natural impulses, become as foolish and as ineffective as is any other sick man who tries to act like a well one.

All work worth the doing, worth the world's appreciation, capable of preservation and incorporation into the complete structure of the future, is done for the love of it. This "love" may be, in some classes of labor, most animal and monotonous in aspect. It may be stunted into mere physical habit. But, none the less, the work is done because the worker feels like doing it, or else it is not fit to keep: which goes to show, in part, how much of the

elaborate and pretentious pottering of the present generation must be undone by the next before progress can be made. The greater and the more spontaneous the desire for work, the more unselfish and delicate the character of the love of the doing, on the other hand, the greater and more permanent will be its value. Work inspired by desire for cash does not come under this head.

Life is commonly described as a little daily cycle, in which one does a little work that one may acquire a little money, to buy a little food, to eat which makes one a little sleepy, to gratify which arouses a little appetite, which calls for a little more work, etc., etc. That is the commonly and naturally accepted view of life, as it appears distorted in the turbulent, heated atmosphere of commercial competition in which we live.

The picture is half true. Life is a cycle. Life moves in a daily round, which accomplishes nothing permanent which is immediately visible to the doer. Its reward is solely the love of living. But the other half of the picture is false: in each pairing of cause and effect the cart has been placed before the horse. The true statement is just the reverse: that one wakes in the morning with surplus energy calling for outlet; that the gratification of this impulse creates both appetite and fatigue; that incidentally, if justice prevail, the labor has made available the means for gratifying both hunger and fatigue; and that their gratification with wholesome food and rest brings zest for more productive labor. *Each act in turn is impelled by the preceding, not by the following, one of the cycle.*

Thus is the cycle complete. It may be extended so as to bring in all the diversions and refinements of life; if each enter in proper proportion, the law of mutual impulse holds good. The primary law of human, as of

material, existence is that of the conservation of energy: Nothing can appear unless something else commensurate in quantity and quality has previously disappeared to furnish it. There can be no work done, no bread nor steam-yachts nor madonnas created, unless the human shell graven with the divine stamp has been previously supplied with a stock of energy to work with and upon.

Schubert, for instance, was denied this prerequisite; he starved to death at thirty-four. Who can measure what the world lost thereby? The dead past is buried with its dead. God will grow more Schuberts, or the equivalent. It is man's prime business, now that he pretends to be civilized and Christian and (greatest pride of all!) efficient, to see to it that they are fed when born; at least to see to it that they are not robbed.

When the continuity of the cycle is interrupted the impulse to natural life becomes perverted into impulse to crime. The forcible removal of any portion throws the rest out of balance. For instance, it is plain that a man given opportunity, or required, to experience all of the other portions of life except sleeping would very quickly become ill and not amenable to normal requirements. Not knowing the cause, his neighbors would call him at first irritable, lazy and erratic; ultimately, if he had not already been imprisoned for crime, he would be adjudged insane. And yet, all that he needed was the opportunity to round out his life-cycle into balance.

In the present discussion we are concerned with the evil results of interference with only two items of the cycle: work, and the preservation to the laborer of the value of his product. All other factors, as they enter, will be treated as corollaries.

From the economic discussion of Part I it became

clear that an inevitable feature of the competitive organization of society is the enforced idleness of a certain definite portion. To another portion is accorded less than the full value of its productivity. To both, upon a differing scale, is denied the proper food for life and growth: an income commensurate with its natural individual productivity. Therefore, while natural physical growth creates a continuous current of fresh life upward, from the lower to the upper levels of society, economic forces create a simultaneous, parallel, but downward, flow of life from the upper to the lower levels, to the starvation-wage level and ultimately into the lowest level of all, that of the enforcedly idle. Both economically and morally speaking, this flow is from success down into mere competency, from competency to incompetency and from incompetency to crime.

Herein lies the key to the understanding of all criminality. Here is the raw material for the manufacture of criminals; men and women still unstarved, still retaining physical impulses: to eat, to rest, to be amused, to reproduce; yet all gratification denied them except that attained unlawfully. The wonder is, not that there is so much crime, but that there is so little!

Just above this desperate class of the enforcedly idle lies the much larger one of the starvation-wage. They are not altogether desperate. They can exist, even honestly; but the existence is of the barest. Legal gratification of desire for aught but the necessaries is denied. They are constantly under temptation. Natural desire for better things, sharp, raw hunger for things which they see possessed by others about them, is crushed by contact with an artificial, inflated institution. Is it so strange that the institution should sometimes be punctured? To this class the conclusions to be drawn as applying to the

enforcedly idle apply with only less force. The difference is in degree, not in kind. The temptation, the tendency, the inevitable result, are all there. The speed with which they act and react only is lessened.

At the other end of the vertical scale of economic society exist men and women artificially tempted to little work and to overgratification. The actual competitors work hard enough, and hence contribute few of their members to the ranks of crime. But their families and their grandchildren, inheriting unearned ease and distorted appetite, with surplus cash to be gotten rid of, stand as the source of the temptation. The great bulk of existent crime is hired into existence by this unearned surplus of cash accruing from past competition.

It is a fundamental law of life, which can be stated only briefly here, that it is elastic. Pressure upon it distorts it, but begets resistance. For instance, the fertility of the maple-tree or the salmon arouses wonder. Evolutionary science explains that the chances of survival of maple or salmon seed are so slight that this enormous fecundity is needed, to prevent extinction. It is usually quite forgotten, among the laity, that, according to basic evolutionary law, the fecundity is there because it is created by the environment; that, in other words, whatever may be the external chances against survival, they will exterminate all maples or salmon not exceeding them. Therefore, if the pressure against survival increase, the fecundity will increase; the fecundity can decrease only when the environment becomes more favorable.

This law is nowhere so well exemplified as in human life. As attention is turned from the levels of society where the chances of survival are more favorable to those where the pressure against life is more severe, there

becomes obvious a greater insistence upon survival, not only of the individual but of the race.

As to the individual, for his self-preservation he becomes more brutal, more aggressive; his finer parts are absorbed in an increase of animal strength and of combativeness, in decrease of sensitiveness. He ceases to love peace and beauty; he prefers prize-fights. His instinctive perception of the abstract rights of the more delicate to live are lost sight of in a concentration of all instinct into an intense insistence upon self-preservation. An altruist of the highest order, as already pointed out, in his relations to his weaker fellows who are unable or unwilling to dispute his superiority, the slightest aggressive affront from one possibly more powerful is resented with a violence characteristic of the brute.

As to the race, for its preservation the reproductive functions of the individual become more active and insistent. The great size of the average family of the lower classes has long been remarked; the too small size of the college-graduate's family is even now under public discussion.

These facts are not only natural, they are wholesome and essential to the preservation of the race. They reveal stability of equilibrium. Otherwise, if adverse pressure did not increase resistance, the race would have already many times become extinct by accidental adversities. But adverse, downward pressure does not exterminate, still less elevate; it merely depresses, flattens and hardens the race, the better to resist. Well is it, indeed, for the twentieth-century worshipers of Art and Refinement that this process has ever been alert and active to a fair degree; else the earth would now be circling through the seasons, even had the human race the proverbial nine lives, without its present load of Philistines, or of any one else. Overculture begets neither happiness nor chil-

dren. But Superadversity begets children beyond normal need, that a surplus may be available for sacrifice.

The light of this dual law will be turned upon the two most vital crimes of life: prostitution and murder.

Prostitution. Of all crimes, prostitution comes first in importance. The factors entering into its prevalence are three in number:

(1) The greater activity of reproductive instinct in the depressed classes;

(2) The presence of economic competition, of the starvation-wage and of enforced idleness among women;

(3) The presence of unearned surplus cash in the hands of the underworked men of the upper economic classes.

All of these forces are emphasized and aided by the general conditions of life economically resultant from competition, viz.: congested cities, factories operated at minimum cost, and slums. Other general physiological conditions, such as malnutrition, etc., resultant from the same origin, do the same. But these latter forces are not the initiative ones; they merely constitute a favorable environment. Their amelioration by other methods than the abolition of competition may slightly mitigate the result, but it can do no more.

(1) The greater natural activity of reproductive instinct in the lower classes is aided by the unnaturally close and miscellaneous mixing of the sexes in industrial and home life. This usually ignites the initial spark. The lack of attractive homes where the daughters of the family may receive young men, under the protection of proper surroundings, fans it into flame. The result is the creation of a current supply of girls whose hold upon better life has been weakened in the most natural and least blameworthy way: by seduction by a lover. The

couple may easily have been impetuous, rather than unprincipled.

Much is contributed to the danger by the economic obstacles to marriage, by that delay which seems only wise (though it is not) when both parties already receive only the starvation-wage when single. It is this delay which the superciliousness of the more fortunate urges as a plain duty.

It suffices to say that competition and the starvation-wage together offer every possible inducement against marriage. As holy matrimony is our highest and happiest gift from Heaven, so is it only natural that its assault by foolish human artifice should be paid for with the highest price we have to give: the loss of true marriage and the substitution for it of animal intercourse.

(2) The presence of enforced idleness among women, as among men, is the one greatest factor of all in the creation of prostitutes. When Mr. Parkhurst first exploded his invective against prostitution in New York City, Mr. Bellamy remarked, in his "New Nation," that whatever else Mr. Parkhurst might accomplish by success in his efforts, one thing which he was sure to do was to exterminate by starvation some thousands of women. There has never been said a more cogent word regarding the situation.

Into the enforcedly idle class drop those least adapted to maintain themselves and their self-respect. Remember, always, that someone must drop there. A certain proportion of society is inevitably squeezed there by the bargaining in the upper classes. So it is natural that, among the rest, come the unfortunates of paragraph 1. The dishonored girl will not return to her family. She is usually not allowed to, even if willing. She can seldom find empoyment in the more creditable places, even were

she otherwise fit for it. Begging is forbidden by law. So she must either starve or sell herself.

See how she does it! Walk the streets of the larger cities at night. Enter some of the houses. Read the fearful revelations of New York's "Committee of Fifteen"![3] Twenty-five cents a check she earns (if the barterers in prostitution do not take even that away from her), and eighteen checks a night![4] Usually averaging, however, not so "well" as that! Read about the cadet-system: how young men in similar lack of employment, or finding the standard wage of the machine-shop less attractive than that to be won by traffic in prostitution, develop and exploit this traffic most thriftily. How, if supplies of fallen girls grow slack, they themselves seduce them; then, home being closed to them, the young men will supply a "home": food and shelter, such as it is; a wrapper and slippers to wear, so that the streets cannot be traversed for escape, were there any place to escape to; also, the brass checks and the privilege of cashing them (at his own price) after board is paid. Each girl brings him forty dollars a week and upwards. Society offers to him no equal or parallel inducement to be honest, nor to her either.

Such is the starvation-wage among the prostitutes. For the iron law of horizontal competition differentiates them as impartially as it does wage-earners in any other line. Skilled effort in prostitution prevails to success, wins really an attractive mess of pottage for its soul. Average ability does less. If you doubt the presence also of the unemployed among the prostitutes, hopelessly below the level of all the rest, a tour of the Tenderloin and the missions any night, winter or summer, will reassure you.

3 "The Social Evil." New York: G. P. Putnam's Sons, 1902.

4 "A Fight for the City." By Alfred Hodder. *The Outlook,* January 31, 1903, page 259.

Such is the legitimate and rational fruit of the combination of free barter and the free social contract: freedom to coerce. Truly, the expansive power of life is shown never so clearly as here. That life will enter and persist wherever life, of whatever sort, is possible, we know; but it is hardly credible that such life is possible. It is, nevertheless. It is the only one possible to permanently unemployed women.

What problem is there here of psychic forces? Is this the field of admiration grown too rapturous, of hearts that love not wisely but too well? Is there any question of psychology here, any balance of will against sexual temptation? Not one whit. The temptation to the man comes from his surplus money and his idleness, not from the woman. That for the woman comes from her hunger and her weariness. Her very destitution and depression, according to all physiological psychology, should paralyze her every atom of natural passion. It is because, and solely because, her need is for cash, because a cash price is set upon everything she needs, chiefly of all upon the right to work, that the sole temptation which the man has to offer, dead, asexual cash, appeals to her in her weakest spot, her sexless hunger of stomach, her inward chill, her pride of appearance, and converts her most natural craving for good food, the first essential to regained strength, into a pitfall for her further destruction. The unnatural way in which the system of competitive barter artificially perverts the most natural and wholesome forces of human life into destructive, demoralizing and tormenting ones is, I repeat, fiendish in the ingenuity and baffling complexity of its cruelty, and it is no where so well exemplified as in its pressure upon the prostitute.

Oh, ye proud Captains of Industry, organizers of armies of working men and women (with a main eye to

a lion's share of what they produce); ye promoters and financiers, fighting over the spoils squeezed out of the lean millions; oh, all ye good and commonplace people, unable to be captains of industry but wishing that ye might be, admiring their gold-lace and trappings, coveting their privileges, upholding the whole organization and its objects as the only good and possible ones:—will ye not even stop and ask why it all is? Cannot ye see that when once a price is placed upon labor and upon the chance to labor, when all prices are made the toy of barter and intrigue, when once the sacred day's-work is prostituted to the level of the dollar, that with it to the auction-desk goes everything that a day covers on God's footstool here below,—not only life itself, but those things which are better than life: manly honor and womanly modesty, domestic love and the hearthstone on which the state is founded?

Yet what are the remedies suggested for all this mess by the Committee of Fifteen (noble souls! striving seriously enough to clean the national cesspool), or by anyone else? Read all of the books upon prostitution. Of what do they prate? License or prohibition, medical inspection, mission-work or moral suasion! How much recognition is there here of cause and effect, of prevention being easier and cheaper than modification, of asepsis being better than even cured disease? How commensurate are they with the magnitude and forcefulness of the evil? Their best possible hope is to stupefy or conceal, or to cajole the devil into departing, with a loud noise, like an Indian medicine-man: brown-sugar pills for cancer of the stomach, morphine and Christian Science to alleviate starvation! Is this Anglo-Saxon directness, courage and efficiency? Are you afraid to condemn and attack barter as the cause of it all,—universal enough,

energetic enough, insidious enough and evil enough, alone of all other institutions, to explain the trouble,—just because it is time-honored by the older world, and defended by the Ancient and Honourable Pop-gun Company?

So goes the bedizened woman, so often not even bedizened: draggled and unkempt and blear-eyed rather, with raucous voice, radiating silliness and vacuity with each blaspheming word. How about the gilded youth who goes with her?

(3) To the mass of enforcedly idle women crowded into too miscellaneous contact with mankind in the modern city comes the surplus cash of the winners as oil into air heated by compression. The temperature already acquired is tremendously augmented. To the current of womanhood flowing downward into the depths because the higher levels are untenable is added another, though a smaller one, moved in the same direction by the superficial gilding of the lower levels by the cash-fattened youth. If starving womankind might merely feed and clothe itself by sale of soul, the result were bad enough. But when she can add to this the luxury and dissipation, in mimicry often not too grotesque or far-fetched of the lives led and vaunted by the successful woman as the best of life, it is far worse. It is what we see all about us: harlots in the highest places in the economic scale. That there should be so much mere dissipation of wealth by competition as there is, is a national calamity. But that so much of this wasted wealth should go to purchase blasting-powder with which to undermine that foundation of the state: the family and the home, is a worse one. It is the highest possible indictment against the competitive system which it is possible to bring.

Murder.—Of the cause of the other of the two capital crimes taken as illustrative: murder, with its twin-brother, suicide, much that has already been said applies equally.

Murder is associated almost always with one or the other of two passions: avarice or jealousy. Jealousy finds its origin in much the same forces as does prostitution: the exaggeration of sexual instinct, the lack of opportunity for deliberate acquaintance and courtship under proper conditions, the obstacles to prompt marriage and the general lack of home-atmosphere in the barracks called tenements and apartments in modern city-life.

The avarice just mentioned is more often the real and desperate need of the lower classes than it is properly what the word signifies. True avarice will make a miser of a man, but not a murderer. After all that has been said of the pressure upon men for work and for proper return from their work due to competition, little need be added here to show its direct connection with assault and murder. With the starvation-wage class there is temptation enough; with the submerged tenth the wonder only is that there is not complete revolt and anarchy, instead of merely occasional assassination. It is astounding how many there are who are content to sink into the hospitals, asylums and poor-houses unavenged.

Both of these forces are emphasized and given direction by the aggressive brutality which has been pointed out as an inevitable result of the repression of life. In addition comes the influence of example. Disguised by solemn pretense as it may be, the tribunal of competition is force, the law of price-making is anarchy (no-law). The soul of commercialism is might; its operation is economic violence; its fruit is physical hardship, even unto death. High-priced wheat and coal and ice are its off-

spring and increased death-rates its natural progeny. The lower classes feel this, in their bones, more keenly and accurately than the upper classes can read it from books. They are on the firing-line; and on the firing-line one is not always careful, after generations, as to one's aim: let only it be assured that ball-cartridges are used and that someone besides self gets hurt.

Let him who doubts all this but read the daily papers. Take assault after assault, check off the murders, count up the suicides, if you can. See how few of them fail to reveal the direct result of competition: either a job lost or one never found; unfortunate or too fortunate speculation; securities turned to worthless paper, or none to turn worthless; or just plain, hungry robbery.

There is no need for more mysterious explanation of these simple, bold phenomena. We have too long sought to entangle our minds and consciences in an intricacy of psychological reactions which we can neither define, follow nor understand. We have too much faith in the persistence of the " criminal type," as a distinct variety of the species *homo* which survives all attempt at outbreeding. There is no " criminal type," as a separate race of men. Man undergoes natural metamorphosis, under pressure of environment, more readily than does any other form of life. As vegetable cells become specialized, under outside pressure, into the most varied duties, and different members of the plant become leaves, rootlets, petals, stamens, etc., upon demand, for the good of the entire mass, so does divine human nature, equally elastic, intelligent and subservient, turn millionaire or murderer, statesman or walking-delegate, at the behest of the community and its institutions, with no fundamental abandonment of its original characteristics. And some day we shall see, much more plainly than is possible in the midst of the present confu-

sion, that each of these, its most diverse specializations of the race, is laboring equally, under divine guidance, one by propulsion and another by protest, the one as driver and the other as brake, the one as rail and the other as wheel, for the guidance of the grinding growth of human institutions into the path of that ultimate perfection and power which is not to be reached by any more royal road.

Read what Professor Edward A. Spitzka, of Columbia University, has to say of the "criminal type." In an address [5] delivered at the opening of the present year he declared that "after a thorough study and investigation of several years he had concluded that crime could not be attributed to any deficiency of the brain. The study of criminals does not necessarily tend to establish a criminal type or anything else maintained by the Lombroso school.

"Many criminals show not a single anomaly in their physical or mental makeup, while many persons with marked evidences of morphological aberration have never exhibited the criminal tendency. Every attempt to prove crime to be due to a constitution peculiar only to criminals has failed finally. It is because most criminals are drawn into the ranks of the low, the degraded, the outcast that investigators were ever deceived into attempting to set up a type of criminals. The social conditions which foster the great majority of crimes are more needful of study and improvement; by this means only will crime become less prevalent throughout the world."

Corruption

These considerations bring one directly into the topic of crime of a purely mercenary order, untainted by physical violence. In this class of overtemptation, when closely

[5] Quoted in the language of *The Search-Light* for January 7, 1905.

examined, there fails to appear any natural basis for the artificial distinction between men employed in public or in private service. There appears to be as much defalcation in private as in public. In the latter it is the prime duty of the authorities in power to spread all the evidence before the public, which is both nominally and actually the employer. In the former it is the prime duty of the powers to keep the matter quiet and out of the courts, if possible; for the public is not nominally, though really, the employer. So we hear less of it. In regard to mercenary crime against the community other than mere defalcation the following contrast throws the highest light.

The making of private profit while in public service is nominally a gross crime. In commercialism the making of private profit in public service is the sole object of organization. Success at it is lauded, not blamed.

A business which supplies to the people a wide need, a need which the individual citizen cannot efficiently supply himself, performs a public, not a private, service. The fact that it is called a private business does not by one whit alter the true situation. Nor does the fact that a citizen possesses a degree of choice between more than one department of that service, each called, for profit's sake, a competing private business and all more or less in collusion with one another, alter the situation in essential. There has been no illegal corruption in public office yet revealed which equals in enormity the continuous, legal robbery of the people by the corporations organized for that purpose under the guise of doing something else,—the supplying of oil, meat, transportation, etc. For the corporation does not perform the service. A $5000-superintendent takes complete care of that. The corporation busies itself solely with seeing that the dividends come in. When it becomes possible to increase the dividends by means of a

diminution, or even a complete cessation, of service, as has frequently been the case, it shows not the slighest reluctance to the adoption of that policy. The object of incorporation is the making of profit, not the performance of service. In every case, the dividends are the prime object, the service a secondary and a purely incidental necessity.

The public departments in which the greatest scandals have developed are still able to perform their services at a much lower total cost to the public than are the private corporations, with their enormous "cost of doing business"; for if you charge against the post-office its occasional deficit (averaging zero) you must also consider the egregious charges sent against the taxpayer by the great corporations: the tariff, the militia and the civil law. In public office defalcation of the people's money is incidental; in private office it is fundamental. In public office it is carried on with mediocre ability; in private office it absorbs the talent of the ablest in the land.[6]

Indeed it might be expected, *a priori,* that an institution so fundamentally diffused throughout and absorbed by the people as that of commercial competition should pay no attention to boundaries so artificial as the distinctions between the so-called public and private services. Both classes of service supply to the people absolute needs. Both organize and employ therefor the strength of many workers. Both need capital for their prosecution. Both draw all of their support from the pockets of the people. Distinction between the two based upon characteristic differences in the thing supplied it is impossible to descry. The very wide difference between the two as to the manner of their conduct it is our present business to make clear.

The wonder is, therefore, that until fairly recently

[6] For a wide discussion of this relationship between public costs and public ethics, see page 533, and following.

profit-seeking has kept itself comparatively clear of the public services which are called by that name, and has confined itself to those still masquerading under the name of private business. But at no previous time in the world's history and in no other land has man been so free to indulge in competitive effort as in America to-day. There is no other land in which the phenomena which are here being pointed out as peculiarly the result of commercial competition are so common or so well developed. Therefore it is in America that the pressure visible in lack of other employment and in the rapid congestion of all other fields of profit-seeking, have besieged the public offices for admission into that field of opportunity for profit-making, far too closely for successful resistance. Given:

(1) A current supply of men, capable men, in want of work or of more remunerative work:

(2) A field of effort, viz.: public office, so closely in contact with and dependent upon profit-making corporations for its daily effectiveness that it is fecund with opportunities for private profit; and

(3) The universal example, in every other department of industry and commerce, of profit-seeking at the expense of the community applauded and rewarded by the humbugged public; and

(4) That frailty of human nature to which the optimistic reformer is so often referred for enlightenment as to the futility of his hopes;

Given these things, and how long could public office possibly be expected to remain clean? Its development into a maximum productivity of private profit is as natural as the development of a virgin mine-property into the same civilized condition. Patriotism and public spirit, outraged at every turn by profit-seeking under any name, may stand aghast; they can accomplish nothing reformatory by strain-

ing at the gnat in the post-office scandals while it calmly swallows the enormous camel visible in the profits of the trusts and the transportation-companies. The public cheerfully pays incomes ranging upwards to millions to individuals concerned in the public supply of steel, coal, oil and transportation; the same to those merely owning building-sites, performing no service whatever. To the chief executive of the entire nation it pays $50,000, and expects him to reëxpend that during his term of office. Would it be so unnatural if he should feel that his services were of equal worth and importance to the nation with those of Mr. Rockefeller or Mr. Carnegie, for instance, and that he should retire, after each administration, with at least a few millions made out of his incumbency? What if every petty official, whether federal, state or city, made out of his office, not only what he does make in the corrupt cases, but ten times more? These offices would even then not cost us so much as do the services of individuals of similar importance in private business, in profit made and strength lost in competition, in "cost of doing business." Suppose that we paid public salaries as great as that, should we not then at least have an efficiency of public service as great as that in private business: well-chosen, well-disciplined assistants, not allowed to steal; or at any rate, no more than so much,—as is now the case in all great businesses and in Philadelphia's "most perfect" machine?

The problem is of such importance as to be worth restating: for a problem rightly stated is half solved. Given:

(1) The public support of an arrangement which reduces the opportunity for employment from a natural surplus to an artificial deficit, so that the man seeks employment instead of the employment seeking the man;

(2) Which reduces all questions of choice of employment, even in the minds of the leaders of men, to one of comparative pecuniary reward, and which measures not only success, but the bare right to exist by the individual's willingness and ability to force money from other pockets into his own;

(3) Which allots the greatest and the most reliable pecuniary rewards, in the form of profits, to those engaged in barter and the smallest and most uncertain, in the form of visible fixed salaries or wages, to those engaged in production of value to the community;

(4) Which presents a fertile field for the exaggeration of those private profits by the influence, or even the absolute control, of legislation or of its judicial interpretation;

Given, I say, these fixed premises, rigidly enforced by a democratic people in its popular support of a competitive system of wealth-distribution, and no other logical result can possibly be deduced than the wide prevalence of profit-seeking and profit-making in public service, upon an enormous, typically American scale.

To him who cares nothing for empty formulæ, but deals with natural realities, public service is a public service, no matter what its name. The making of private profit in the alleged protection of the community from cold or hunger can never be argued by the theorists into anything different in principle from the making of private profit in the alleged protection of the community from vice and crime. The underlying principle is exactly the same. The results are the same: the protection in the two cases equally fails to be an efficient protection so soon as the element of private profit enters. The heads of the two services and their underlings are equally exposed to a

temptation too strong for human nature to withstand. The community is equally corrupted by the spectacle.[7]

The efficiency of service is equally ruined: our supplies of coal and transportation are as far from being what they ought to and might be as are our supplies of municipal administration and police protection. The reasons therefor are the same and are mutually reactive. If the community reward Rockefeller with millions for following his methods of public exploitation, how can it blame Machen for seeking thousands by the same methods? How, in the name of common sense, can it be puzzled by the fact that Machen does follow them?

These are the well-springs of public corruption. We may disbelieve and delay and squirm out of the failure of one compromise, only to wriggle into the trap of another, as we will. The springs cannot be sealed from the outside. They will continue to flow,—or worse, to make a

[7] Mr. W. A. White, writing in the September (1904) issue of *McClure's Magazine,* of the postal frauds, says: "Of the thirty-four thousand office-holders in the town [Washington] not five hundred look upon their offices as sacred trusts to the people. Anything which the mass of those Washington office-holders can get out of the government is regarded by public opinion among them as clear gain, whether it be an hour's time or a railroad-pass for betraying the government's interest in matters under their care. The man who is making 'easy money' off the government . . . is looked up to with a kind of envious respect." Is not this exactly the ethics of the outside commercial world, only slightly purer? Out of any thirty-four thousand business-men are there so many as five hundred, or even five, who look upon their service to the community as a public trust. And yet what else can you make of it than a public trust? Are not the ethics of corruption exactly those of lynching, and the cure the same: that the community cannot expect the common herd to respect a written or an unwritten law which public opinion does not equally impose upon the masters. The negroes will not cease breaking the law until the whites do the same. The governmental officials cannot be expected to refrain from making all they can out of the government, which is the people, until the captains and privates of commerce are rebuked for making all they can out of the people, which is the government.

soggy marsh of our fair land,—until we go to the bottom of the matter. When the sale of a thing at more than its cost of production is regarded as public treason, and is prevented by the sale of all things at cost by salaried public servants, then, and not before, will corruption disappear from public office.

Is it any wonder that the populace is supine in the face of corruption, that St. Louis is not ashamed of her political machine and that Philadelphia was proud of hers? Does it see aught going on in the offices of City Hall that it does not see in any business-office: inflation, underbidding, subletting, doctoring books, stuffed or dummy directorates, paper corporations, purchase or sale of influence, etc., etc.? Mr. Steffins, in the St. Louis number of his splendid series of revelations of municipal corruption, says: "The convicted boodlers have described the system to me. There was no politics in it,—only business."

The suggestion that salaried public officials would be more efficient, for any public service, than the present private ones invariably raises the cry: "Think how politics and corruption would enter!" There is now in it much business and little politics. There would then be more politics, perhaps, but surely less business: an infinite gain to the better!

Such are the real causes of corruption in public office: the naturally close affiliation between the public services which are called public and those arbitrarily called private, the natural similarity of profit-making in either, and the consequent natural inability on the part of the people to curb one while failing to curb the other. Because the only difference between the two is the artificial one of name, because all the material penalties which

profit-seeking precipitates upon the community are greater in the case of private than of public office, the common people will always fail to sense any broad distinction. They enter a prosperous store, a lawyer's office or a bank to transact its regular business in exactly the same mood in which they enter a police-office to buy license for vice: with the feeling that they are paying an exorbitant price for a thing which they do not want but which they are required to have in order to prosecute their daily avocation. The insignia are the same: mahogany furniture, plate-glass, enormous ledgers and forbidding-looking safes; the results are the same. They perceive, much more clearly than do the economists, that their hard earnings pay for it all.

When a street is repaved it furnishes them with work. If the paving were unnecessary, it appears to them only the more clearly in the light of a boon, fallen from an administration exceptionally capable and benevolent. If the cost to the taxpayers be high because a thousand was spent upon the city council in securing exemption from competition, why is it worse, they ask, than if the thousand were spent in competition? I also ask "Why?" Certainly true is this: that the thousand would not have been spent in purchasing exemption from competition if success in competition did not cost much more.

But the connection between profit-seeking and corruption in public office is also more direct than merely by public example. Corruption is merely one phase of competition. Nearly all businesses need, in their operation or for their more profitable operation, privileges, permits, franchises, licenses, tariffs, subsidies., etc., which the government alone can grant and which it is legal for them to have. Illegal favoritism can also enhance profits: immunity from taxation, from arrest for defying the

burdensome restriction of the law, monopoly of city contracts, etc. The corruption in each city, different from that in all of the rest, reveals the systematic exploitation of some one of these lines. In Minneapolis it was freedom from arrest for profit-making vice; in St. Louis the sale of special privileges for profit-making; in Pittsburgh and Philadelphia the farming of artificial monopolies. In no case is the corruption confined solely to these single lines; but the general differences between the cities rest upon business, rather than upon political, distinctions.

The search after these aids in profit-making is exactly parallel with the search after any other such aids: a wider market, a better price, a cheaper supply of raw material or labor. The cost of initiating corruption, in legal counsel, bribes, bonuses, etc., is charged to the same general accounts upon the ledger as is the cost of doing business: the employment of commercial travelers or the fees for advertising-space. In the mind of the business-man it is morally excused by the same necessity. Of all the revelations of current public shame made popularly public during the past year,[8]—most notably in connection with the coal-strike, in Mr. Kennan's "Holding up a State" and Mr. Hodder's "A Fight for the City," in *The Outlook,* and in the articles by Miss Tarbell and Mr. Steffins in *McClure's Magazine,*—the greatest shame does not by any means fall upon the public officials; it is upon the business-men who bought them. Some were conscious of their guilt; they subscribed freely to the funds of the reform-associations, but they would not permit the use of their names,—worth far more than their dollars,—for fear of harming their business; for business always

8 1902-3. Nothing could better instance this same identity of "business" with the corruption of legislation, if not with sheer peculation, than the mutual insurance methods revealed since these lines were written.

antagonizes patriotism. Others were worse in fact, though more excusable in spirit. They regarded the purchase of the "influence" of public officials as a necessary and legitimate part of doing business.[9] There is plenty of excuse for this, in fact, if not in principle. Private competition is full of this same sort of effort: the intriguing for or the downright purchase of private influence, the offering of bribes, the forging of dummy contracts, "cutting up the back," taking business nominally at one figure and actually at another, combining into pools, agreements, etc., forming rings within and about rings, each undermining the other. All of this pictures fairly the low ethical standards of competitive effort. To ask, then, the man who has been brought up amidst and educated and supported by such work throughout his entire life to fail to apply it to its most lucrative field: public corruption, to ask him even to stand broadly and effectively for its eradication, as a pestilential thing, from our community-life, is placing a strain both upon his understanding and his patriotism to which human nature is naturally quite unequal.

All corruption originates in one of two places:

(1) In the profits of otherwise legal business;

(2) In the profits of hired vice.

[9] One incident will show how widespread and insidious is the evil of this misconception. At one of the discussion-suppers of the Worcester Economic Club, including in its membership the best citizens of the Heart of the Commonwealth, a representative of the department of economics of Harvard University, in speaking to the relation between private business and public corruption, said solemnly: "Gentlemen, if I, in search of a legal franchise, had made every honest effort to secure it, had paid my way honestly, and found it finally blocked by a public official, elected by the people, who insisted upon being bought, why, *I'd buy him!*" It is refreshing to add that the only case that evening of the spontaneous interruption of a speaker by universal applause was when a later speaker rebuked this attitude by the enunciation of the principle that in the corruption of public officials the guilt of the tempter was far greater than that of the tempted.

Of the two the former is incomparably the greater. Of Pittsburgh Mr. Steffins says: "The railroads began the corruption of this city." Of New York Mr. Jerome says: "This avowed support of Tammany by the Metropolitan Street Railway Company comes just in time to show the blindest who the friends of Tammany really are. The grafter never yet was working in the interest of the poor and honest man; he is certain to be working in the interest of the man who has the stuff." And the "stuff" is the profits made out of the people by private corporations in public services.

Of St. Louis Mr. Steffins says, in speaking of the political boss, Butler: "His *business* was boodling, . . . the stock-in-trade of the boodler is the rights, privileges, franchises and real property of the city, and *his source of corruption is the top, not the bottom, of society.*" [10] "The boodlers told me that, according to the tradition of their combine, there 'always was boodling in St. Louis.' Butler organized and systematized and developed it into a regular financial institution, and made of it an integral part of the business of the community. He had for clients, regular or occasional, bankers and promoters; and the statements of boodlers, not yet on record, allege that every transportation and public convenience company that touches St. Louis had dealings with Butler's combine. And my best information is that these interests were not victims. Blackmail came in time, but in the beginning *they originated the schemes of loot and started Butler on his career.*

"Robert M. Snyder, a capitalist and promoter, of New York and Kansas City, came into St. Louis with a traction-proposition. . . . Snyder paid $250,000 for the franchise, and as Butler and his backers [the street-railway interests already installed] had paid only $175,000 to beat

[10] The italics are mine.

it, the franchise was passed. Snyder turned around and sold it to his old opponents for $1,250,000. It was worth twice as much."

Is there here any doubt as to the origin and cause of the immorality? Is not the political boss most plainly a protegé, an offspring, of the relegation of public services to private profit-making? Is it not unutterably plain at last that the pitch with which all are defiled is these same profits, that without their artificial attachment to the service neither the bribing corporation-official, of principal guilt, nor the bribed government-official, of secondary guilt, would touch the business? It is said so often and so easily that to hand over a public service to the public servants would be to pile up corruption. If it were done even upon the public understanding that they were not to conduct it at cost, as honest public servants, responsible to the people, but that they were to make out of it all they possibly could,—the policy plainly allotted to the private corporations,—the service would not cost what it does now; for now the profits must not only feed just these same political people, but all the corporation-officials and stockholders in addition, a double set of leeches; and the second set not in any effective way limited by public opinion as to the amount of their blood-suction, but rather praised and run after for their excesses, for their very visible blood-distended corpulence and opulence.

But if the service were handed over to the public servants upon the public understanding that it is to be conducted at cost, at the worst there would be but one set of leeches to feed and watch; and except by pure embezzlement they could get nothing. If the accounts were public, and only in public services organized as such is compulsory publicity practicable, it would soon be visible if the service were conducted at more than cost. In the post-office, with

all its frauds, the amount of money lost before the peculation is discovered is insignificant.[11] And if the service be conducted at cost the fodder for the political bosses is wanting. If the workingmen of his ward all have jobs seeking them, enforced idleness and starvation-wages being no more, his tools are all dulled. Is it not plain that no one wishes to touch a cost-operated service except the man seeking to exchange an honest day's work for an honest day's pay? Neither the brazen captains of industry nor their hired assassins of public morals will have any of it.

Nor can the unscrupulous gain anything by injecting into a public service which is conducted nominally at cost a concealed profit. It cannot reach their pockets if tried. The handling of the funds by a separate organization accomplishes that automatically. The same precaution is

11 These post-office scandals, instead of standing as evidence against the wisdom of public ownership or operation, illustrate the very point which we wish to prove: that so long as any profit-seeking corporations exist no public service can possibly be perfectly pure. In them, as in all the other instances cited, the source of the temptation to corruption, and the opportunity for its exercise, is the legally honest profit-making field outside of the governmental organization. Therefore the writer preaches not at all that all governmental enterprise may be expected to be pure, whether its territory be expanded or restricted; but that it must always be expected to be impure, in exact proportion to the amount of commercial, competitive profit-seeking which is abroad in the land. Therefore the transfer of each service in turn from private to public hands will constitute a real gain to the community only in so far as it restricts the volume of private profit-seeking outside the government. In order to accomplish this end the governmental absorption of services must

(1) Proceed as rapidly as does the expansion of new fields of opportunity by the progress of inventive science (and it is now proceeding more slowly than that); and

(2) Must be consciously undertaken for the purpose of attaining a service performed at cost. Otherwise, that is, if profit is to be sought, it makes little difference whether any particular service be nominally in public or in private hands. In the latter case the people will be robbed of more cash and will suffer more ethical degeneration of individuals and of community-standards; but of neither will they be so painfully conscious as in the former case.

effective in all corporate, profit-making services which are operated in the interests of the stockholder: the profit is sought, the prices are made and gained, by one organization, the selling one; the funds are handled and accounted by a quite distinct one. The history of the post-office, for instance of a public service publicly managed, evinces this fact. There has been plenty of plain peculation, but *there has been no effort made, nor is any imaginable, toward the illegal acquisition of moneys by forcing the selling-price of postage above the cost.* The history of the Philadelphia gas-works reveals the same state of affairs. So long as it was publicly owned and operated, Philadelphia's most unscrupulous political machine could do nothing to extract boodle from it. All that they could and did do was to surreptitiously, and yet flagrantly, force up the labor-cost and neglect and depreciate the works themselves, so as to bring public ownership into disrepute and thus lead to the lease of the works back into private, profit-seeking hands.[12]

[12] For the history of these matters, see the pamphlet upon the subject by Mr. Acker. The feature of greatest interest in this connection is the readiness of Mr. Wanamaker to take over the gas-works and operate them for the city (since they were to be lost to the city anyhow) upon a basis very much more favorable to the citizens than that secured to the successful bidder by the machine. It was because he was public-spirited that he failed. It was because he proposed to furnish gas practically at cost, with the elimination of all but nominal profits, that the political bosses would not allow him to get the honorable opportunity.

The final act in this long farce-drama of wolf-in-sheep's-clothing, the recent effort of the United Gas Improvement Company and its allies to secure the lease of the gas-works from the city-government for a long term of years at an absurdly low price, with the cloudburst of public indignation which formed its anti-climax, is too fresh in the minds of our readers to need review here. As a bald instance of the natural desire of both the profit-gatherers and the political machine to convert every tool possible away from use upon the sale-at-cost plan to the profit-tax plan, the incident has been unsurpassed. If there be any sober mind in the country which still questions this final and complete identification between the profit-seeker and the corruptionist, he will never be converted to the plain lesson of fact.

It is not the temptation to simple thievery involved in the public ownership and operation of public services which frail human nature cannot withstand, but the enormously greater temptation to profit-squeezing out of the public, to any extent and at the cost of the public being squeezed, before which it inevitably falls. The cartoons of the United States or local treasuries opened up to peculation under the banner: "The lid's off. Come on, boys!" cannot more than suggest the present actual situation of the community-wealth of the nation, scattered throughout the pockets of eighty millions of purchasers and a prey to the attacks of the profit-seekers. There the lid is not only off; *there never was any lid.* There the invitation is not a whispered one, sent from behind averted hand to a favored few; instead, it is the national motto: "Succeed in business, at whatever cost to the consumer!" and it is thundered at the youth and ambition of the land from the time they are able to follow the simplest monetary transaction until they grow too senile to exact a profit. We, as a nation, carry on an avowed and systematic defalcation of each other's welfare upon a scale never before known to man. Mr. Thomas W. Lawson holds up his hands in astonishment and horror at the "steal" of thirty-six millions of dollars by the "system." "What would not thirty-six millions of dollars buy of good for the land!" And yet, Mr. Lawson, wherefore the excitement? Thirty-six millions is but a bagatelle compared to what that larger system, of national dimensions, known as the competitive system, annually lifts out of the people's pockets. Thirty-six billions per annum would be nearer the figure, though even then too modest. That is what it costs us, and much more, to support the barter of the ten-cent counters and the New York and Boston stock-exchanges. Mr. Lawson himself, and all his stables and yachts, with the whole of

his detested "system" piled on top, are but as a drop in the bucket compared with the sum total of useless luxury, useless waste and useless pain which we, the consumers, sport and support in the name of "free" competition. Freedom! Once again, O Liberty, has thy dear name been taken in vain!

There is no space here for the citation of a multitude of detailed facts, nor is it to our purpose. Our aim is to straighten out the present widespread confusion of cause with effect. The facts the reader can look up for himself, from the news of the day or from the past history of commercialism. Read the history of any corruption you choose, or of any great money-making corporation. Look up the records of Boss Tweed, of the civil-war contracts, of the Pacific railroads, of the Hoosac tunnel, of the Standard Oil, of New York Rapid transit, of Philadelphia and Boston gas-interests, of the purchase of Delaware's senatorial seat, of the current post-office scandals, or of a thousand other similar instances. They all reveal one thing: a diversion of a portion of the profits, made or prospective, of some business into corruption-funds with which to expand the opportunity for profit. If there were no such thing as profits recognized by public opinion or law, if all goods were purchasable at the cost of production from a public agent, there would be no funds from which to purchase governments. Recent history uniformly confirms this statement. Whenever, in a city burdened by a machine, there has arisen a question as to the future ownership, public or private, of a public service, the machine has uniformly stood for private ownership. Under private ownership there were profits which must be shared, there was "fat to try out." The machine would have its share. Under public ownership there would be nothing to divide. In St. Louis, Mr. Steffins says: "But the grandest idea

of all came from Philadelphia. In that city the water-works were sold out to a private concern, and the St. Louis fellows [the political grafters] have been trying ever since to find a purchaser for theirs. They are worth at least $40,000,000. But the boodlers thought they could let it go at $15,000,000, and get $1,000,000 or so themselves for the bargain. . . . It will be done some day." But not if the heresy that any private party may legally own a public service, as a means for collecting a tax from the people in the shape of profit, has died out by that time.

Embezzlement amounts to nothing compared with this. That process is now chiefly rife in private banking-offices, by cashiers earning the starvation-wage for their class. But even then, at its worst, what does it amount to? "The little looters!" exclaimed Justice Jerome, at one of the meetings of the political campaign against the New York machine: "What are they to the octopus that holds the whole city in its grasp?" That octopus is a system embodying all the great profit-making corporations of the city, chiefly those engaged in services widely recognized as public ones. These are the arms which suck the strength from the people in the shape of profits and dividends. Tammany is merely the clearing-house for their activities, the central head of the octopus, with its hideous single eye to profit. At its soft invulnerability are hurled in vain the blows which should be aimed at the enveloping arms, the myriad of whose suckers feed upon our daily life-blood.

As to the exploitation of the profits from hired vice, the understanding of that refers back to the unemployed. It is one step more illegal and immoral than the other, but only one.

What has already been said regarding prostitution applies very largely to gambling. Drunkenness is somewhat different in origin. Here, instead of the money being made by the sale of one's own soul, it is by the sale of another's. So long as a profit of a few cents is obtainable from each glass of liquor swallowed, just so long will millions of dollars be spent annually, by the brewers, distillers and saloon-keepers, in keeping active the consumption of liquor. It takes thousands of glasses of the slow poison to kill a man and remove him from the ranks of contributers. His soul is well worth exploitation for profit.

Of all these trickling streams of profit, from the sale of liquor, women and " suckers " gullible into gambling, the boss gathers his share exactly as the captain of industry gathers his from the profits on oil, coal, gas, transportation, telegrams, beef, ice, etc. The successful boss has exactly the same peculiar sort of ability as has the successful business man. He can organize his workers into a maximum state of efficiency; he can develop his field of operations to its maximum extent and fecundity; he knows by instinct just how much charge his traffic will bear; he performs a public service, in that he employs many men who need work in supplying things which people will pay for. Indeed, in so far as distinctions may be based upon the thing supplied, the boss has the balance of right over the business-man: for he supplies unnecessaries, while the business-man supplies necessaries. It is a common doctrine that it is all right to tax the former, but that the latter should go free. Wherefrom, the taxing of beef and coal with a profit is infinitely worse for the community than the taxation of " wine, women and song." The boss has to fight for his life with his competitors; he has to contend with dissatisfaction and revolt on the

part of his assistants; he must take heavy risks; he must work, or be alert to work, night and day. There has never been advanced an argument in defense of the enormous private incomes won in business which does not apply equally and exactly to the defense of able corruption. All of them, it might be added, also apply equally to a defense of piracy or privateering.

The remedy for all of this lies in the placing of more responsibility, not less, upon the organized governmental government of the land, and the reduction of public trust in its unorganized and irresponsible commercial government. Quibble as we may over terms, both of these are governments. Of the two, indeed, the latter is plainly much the more powerful. Its duties and responsibilities are plainly much the greater. These enormous duties and responsibilities we cannot escape. A community of seventy millions of souls finds in its internal relationships and interactions energy-transformations occurring upon a prodigious scale. The number of dollars which are flashed into or out of existence by any act affecting it broadly, made in wisdom or in folly, can be numbered only by the tens of millions. Of lives similarly encouraged or blasted the enumeration must run into the tens of thousands. These facts hang over the heads of our public men like swords of Damocles. Whether we call them public men and award them the dignity, the responsibility and the protection which accompanies public office, or whether we call them private citizens and leave them in the ignominy, the irresponsibility and the uncertainty of men who perform public acts and accept public profits without public commission, is a secondary question. The acts must be performed. Single men must have placed in their hands the power and the responsibility of deciding and doing, either well, ill or not at all, upon the tremen-

dous scale of American national activities. There is no question as to the wisdom of the deliberate "centralization" of power. Whether any man or any political party wants centralization or not, it is going steadily on and will continue to do so. Those who accept the fact and bend their methods to suit it will succeed; those who vainly kick against the prick of natural evolution will fail and die. As population increases, as geography widens, as diversity of specialization ramifies throughout both, coördination necessarily follows, and grows from an interesting incident into a fundamental guiding principle. Coördination or dissolution,—that is now our sole question: as a nation, to be or not to be.

Whatever may have been the slings of outrageous fortune, there has never been, in the history of our country, any hesitation in the ultimate decision of this question. There was none in 1861. There will be none in 1909. State-rights must fade and disappear before the needs of a nation grown to a degree where its more active citizens have lived in a half a dozen States in succession and must cover thousands of miles of territory in each week's attention to business. Distracting individual selfish interests can no longer be considered in a state of affairs where one's every act affects millions. Our directors of the production of food, coal, steel and transportation are *de facto* public men. By any other name they are the same. There is no question of how much power we shall give them. A maximum of power they now possess. The sole question is: How best shall it be directed? How can we best choose the men,—by public initiative, the office seeking the man and prizing his patriotism, or by private initiative, the man seeking the office and coveting its privileges? What shall determine his best fitness for the position,—his ability to elevate prices and most heavily tax the people

in the form of profits, as in his private commercial selection, or his ability to reduce prices and keep down the general cost of living, as in his public selection? How can we best bring out his best sense of responsibility to his office and his best value to the community,— by offering him the maximum reward when he makes prices the highest, as when we pay him in the form of profits, or by offering him the maximum reward when he makes prices the lowest, as when we pay him in the form of a public salary? How can we keep the common people best mindful of their interest and duty in good government,— by making that government not only one of their own voices, but one in control of their daily necessaries of life, or by presenting to them the present dual and inconsistent alternative: of a governmental government, on the one hand, in which they have full control but no direct interest as to its efficiency, and of a commercial government by corporations, on the other hand, in whose efficiency they have the most vital interest, but in whose control they have no voice whatever?

These are the national questions of the hour. Upon their settlement hangs the fate of the nation, and not upon the strength of individual character, as President Roosevelt and Mr. Riis frequently urge. Without character there is nothing, of course. But with an ample supply of individual force of character there is not necessarily a nation. A bale of first-class manila fibers does not necessarily constitute a strong rope, nor even a rope at all. All depends upon the skill with which the individual fibers are laid together, how closely their interests are artificially interwoven. The leaders of the Goths and Vandals commanded men of sterling character, of a character the force of which still surges through our veins; but they had no country and no abiding national life; they

possessed no social institutions. There is no sign of a lack of individual strength of character among the Chinese; yet what are they as a nation? The vast nebula of Orion contains infinitely more of both mass and energy than does our solar system; yet there is no probability that it supports a single cell of organic life. Not only is inorganic material energy solely a matter of the relationship of mass-portions which are themselves absolutely inert, but organic, human and political energy are also purely and solely a method of relationship, of degree of coördination, of unit cells, organs or citizens, each of which, isolated, is impotent and passive.

Mr. Grover Cleveland, at Chicago, in October, 1903, in one of the strongest patriotic speeches which has been recently put forth, said: "There is abroad in our land a self-satisfied and perfunctory notion that we do all that is required of us in this direction when we make profession of our faith in the creed of good citizenship and abstain from the commission of palpably unpatriotic sins. This belief is inevitably the parent of a sort of self-righteous contentment, which leads us on quite well under the direction of those who make political activity their occupation.

"Give to our people something that will concentrate their common affection and solicitous care,—and let that be their country's good; give them a purpose that stimulates them to unite in lofty endeavor—and let that purpose be a demonstration of the sufficiency and beneficence of our popular rule; and we shall find that in their political thought there will be no place for the suggestions of sordidness and pelf."

According to this it would appear that it is scarcely necessary to make the profit-taxing of the community in barter illegal and publicly odious, in order to rid the nation of "graft," although to do so would be a great step for-

ward. Such extreme optimism as this I hardly share. Yet certain it is that if we make the people conscious that they control their own destinies, both political and economic, by having their ballots directly control the directors of our great economic services, there will be little trouble in getting their response to any reasonably patriotic appeal. Russia may say that her moujiks must be something else than moujiks before she recognizes them, politically, as men. Glasgow's director of municipal enterprises may say to Chicago that she must become even as Glasgow before she may undertake the control of her own activities. We who think are far enough away from both situations to see plainly the fallacious placing of the cart before the horse: that the Russian peasant is not like the American farmer chiefly because he has been given no chance to be; that Chicago is not like Glasgow chiefly in that her public services have for generations been placed beyond the control of her people and her people therefore become, to that extent, a combination of irresponsible tyrants above and (politically) inefficient slaves below. The knock of opportunity at the door is what awakens man to action and efficiency, or else he never awakens. Let him, expectant, arise betimes with energy, let him wait through the long night with courage and persistence, let him cultivate skill for the fray in his waiting hours of leisure; if the opportunity is never accorded him to act, and to act effectively, he lives and dies passive and unknown. Inert, weak and futile, he is as one of our manila fibers jailed within the dark disorder of the bale.

Education

The history of the American nation has taught, primarily, two fundamental lessons: first, the value and reliability of truly popular government; secondly, the im-

portance of widespread opportunity for efficient education. It has just been shown how effectively the presence of barter upon a large and commanding scale negatives the former. It is easy to point out in how many ways it interferes with our conscientious efforts at securing the latter.

It is to be noted at the start that our standard system of complete education embraces two portions, viz.: the public school and the privately endowed college, which apparently illustrate the two distinctive methods of support which have been displayed in these pages in such marked contrast. According to off-hand methods of deduction, if public organization is so much more efficient than private, then we should be able to see the fact plainly in the contrasted effectiveness of the public schools and state universities on the one hand and the privately endowed colleges on the other. It is to bring out clearly the superficiality of any such method of argument, as well as to show the true connection between barter and education, that this argument is put forth.

It has been urged in these pages that the only natural method of accountance is to charge the consumer for each service just what that service costs. In the commercial field is found the universal policy of charging the consumer more than that cost, by the amount of interest, profit and the cost of barter. In the educational world is found the almost universal rule of charging less than cost.

The public schools, for instance, nominally charge nothing; but they do collect the entire current cost of education in the form of taxes, first through the medium of the city government, which assesses the commercial, industrial and financial interests, and then through the medium of this commercial organization itself, which

transfers that tax, under the name of one of the costs of doing business, to the individual consumers of the community. The state universities do much the same. The privately endowed colleges collect a tuition fee, but that fee is always less than the cost of the service. A few private boarding-schools and academies of the more expensive sort habitually charge more than the cost of service, and operate in general upon a commercial basis; but they are markedly in the minority.

It seems obvious that all of these plans are open to substantial objection. The best plan of all is that of the public school. Here the objectionable features which develop in practice are the result, not of the method of handling the school's accountance, but of the profit-seeking methods which are employed in all other services throughout the land. The palpable faults in our public school system may be briefly listed: Incompetence of teachers, due to political appointment; insufficient equipment; the juggling of text-books.

The question of incompetence of teachers falls right into line with any other form of public corruption. The pressure from lack of employment and from the starvation-wage urges young men and women to seek every possible aid, by political " pull " or otherwise, to the securing of employment. It makes it the chief aim of the ward-politician's power to furnish employment for his constituents. Since their gratitude and votes are worth dollars to " the machine," the school-teaching appointments are normally considered among the " plums " the picking of which belongs regularly to the politician. Since the remedy for this situation will come only with time, as the volume of barter within the land slowly diminishes under the pressure of its own instability, there is no more reason to urge it as an argument for immediate action than there

is to urge the servant-girl question or the trades-union situation with a like purpose.

The same may be said as to the insufficient equipment. Mr. Riis has said that he has been unable to identify any man or set of men who actively and maliciously seek to deny to the public a sufficiency of parks and school-houses. Those whose business it is to see to it are not actively opposed to the city's having plenty of both; they are merely preoccupied and neglectful. They have other "business." Both the city office-holders whose official duty it is to see that such things are provided and the prosperous citizen whose unofficial duty it is to look after the official and see to it that he is efficient, are otherwise occupied. They have both had ingrained in them, by life-long tutelage, the habit of asking themselves before undertaking any task: "Why should I do this? What is there in it for me?" If there be no immediate profit visible, it is only good "business" to leave the thing undone.

The juggling of school-books is a more direct and obvious result of the competitive system. The publishing service of the country, not being organized with a sole view to furnishing the best possible educational aids at the least cost to the community, but to make the most profit that is compatible with any tolerable efficiency of education whatever, receives its greatest pecuniary rewards when the style of text-book is altered the most frequently.[13] It therefore expends a much higher grade of exertion in seeing that the books are frequently changed than it does in seeing that their quality is good. And this great expense is "necessary," because the chief part of the job, the corruption of

[13] I do not mean that the educational publishers do not *desire* to make their work the best possible; but that what they desire and what their business permits them to do are two very different things,—as is the case with nearly all business-men.

city school-boards, is a most difficult and delicate task and calls for great skill.

Yet, in spite of all these flaws, the public school is still the center and the citadel of our sense of civic unity; and of it the public library may be deemed a part. There is no service demanded of man by man in which is required such height of ideal as in the education of the young. There is none so pregnant with good or evil for the future of the individual and the state. Therefore was this service one of the first to be removed from the evils of private profit-seeking in its conduct. The teachers may be poor, the methods may be worse; but the close contact of the child with a miscellaneous populace of its own age, permeated with a purer spirit of democracy than any adult may ever know and with the strength had only from numbers and diversity, is fostering of truer strength and balance against future trials than can be had in any other way. Says Mr. Jacob Riis,[14] in connection with President Roosevelt's use of the public schools for his own children: "So only can we get a grip on the real life we all have to live in a democracy of which, when all is said and done, the public school is the main prop. So, and in no other way, can we hold the school to account, and so do we fight from the very start the class-spirit which is the arch-enemy of the Republic." There is no greater sign of weakness in the class of people which is regarded as the winning one in the present race for wealth than its combined fear and scorn of the public school as the best field for the natural development of its children.

The people as a whole have no suggestion to make for a return of the schools to private control. All innovations, indeed, as of free text-books, show a tendency in the opposite direction. So, while we must regard our schools

[14] *The Outlook*, 1904, page 556.

as far below what they might be, because of the prevalence of barter in all other services,—chiefly because it reduces the average teacher's salary to about one-tenth of the average bargainer's income,—yet it must be remembered that they are infinitely better than if they were conducted on the commercial plan, with private profit as the primary and education as the secondary considerations in view.

In the same line as the municipalization of the schools in the past and of the school-books in the present, there is abroad, with promise for the future, a growing recognition of the futility of public education of the child in one direction while at school in the face of a directly opposite education carried on at home. The children spend a thousand hours yearly at school and four times that time in waking hours amidst the influence of the home and its surroundings. It is the environment of the latter period, an environment in the great majority of cases almost entirely beyond the control of the parents, which constitutes the true education allotted to the child by the republic. Educators universally deplore this fact. They as universally speak of it as irremediable. By the educators it is, but not by intelligent public action. This action must be taken, to the reform of the home-influence and environment, before the most perfect methods of education at school can have appreciable effect.

So it is not the public school system, much maligned as it may be, which constitutes our most fiery text. Nor is it the private academy or " cramming-school " system, commercialized as it is, either; for these latter, having to compete with publicly operated schools, must always evince the greater cost of profit-seeking methods and so make this class of education too expensive to appeal to more than a minority. It is our college-system, instead, the faults of which are becoming more palpable as the college grade of

education becomes more and more a matter of course for the average young man or woman.

Nor, in this direction, is it planned to preach of the more obvious evils. Of the subservience of educational methods and doctrines to the influence of the private wealth upon which the college relies for support, for instance, and especially of the evil of "tainted" money, plenty is being said in other places. That it constitutes a fundamental weakness in our path of intellectual progress no thoughtful man can deny. A few professors have resigned their positions rather than bend their teachings to the money-pressure. But they stand as but a token of the vast number of those who prefer the other horn of the dilemma: to alter their teachings from what they believe to be the highest truth rather than to risk incurring the antagonism of the moneyed source of power or of the general class of wealthy and influential citizens. My own personal acquaintance with college-professors is wide enough to warrant the assertion that this evil, consciously manifested, is very widespread. Unconsciously manifested, it is almost universal.

Nor is it planned to dwell here upon the small pay which the competitive-wage system awards to the teachers of the land. This feature is one of the most insidious of all the evil fruits of barter. It is universally admitted that the training of the young is the one service most fraught with the seeds of national success or failure in succeeding generations. That we should pay the workers in this service, on a rough average, some one or two hundredths as much as we do those who care for our current stock of inert circulating medium, is one of the most significant indictments which it is possible to bring against our present plan of wealth-distribution. That we should fail to provide even so unjust a plan as this for securing to them the means for

leisurely research, leaving that whole matter to the haphazard of private personal donation instead, making of every man who longs to do such work a groveling beggar at the very start, is a more striking fault of national organization; but it is not one more fruitful of evil. Certainly there could be little excuse for surprise if the college-professors of the land should do what is for them the only sensible thing: to form a union and then strike to compel all colleges to charge the full cost of instruction—some three or four hundred per annum, in comparison with the one or two hundred now asked—and to correspondingly increase their salaries. When the services supplying the public with all other commodities are habitually charging the consumer from two to five times the real cost of supply, and that without effective rebuke, there seems to be little reason why the college-teachers should continue longer to present the community with educations at two-thirds of cost.

Instead of any of these evils, all of which others seem now and then to see and preach plainly, it is most fit that in this, the chapter upon the ethical cost of barter to the community as a whole, should be advertised the one evil result of barter upon education which no one else seems to see, albeit it is as widespread as is population and is active in every school, no matter what its personnel or its methods of organization. I refer to the fundamental standards, aims and ambitions of the student and of the teacher.

It may be that, situated as I am in a technical school, I see this fault in an exaggerated light. Certainly it does not prevail so markedly in non-technical schools, in the old-fashioned academic departments. But because this is so these academic departments are being deserted. The students are flocking into the technical schools and courses.

The statistics are astonishing. Even the publishers are following suit. Within the past two years a half-dozen publishing houses which never before handled text-books of any other than the classical type have opened their doors to the technical, and particularly to the engineering, fields.

It might be inferred from these words that there is to follow in these pages an orthodox crusade in favor of abandoning the more modern "materialistic" lines of study in favor of the older classical or "humanitarian" ways. Therefore this opportunity is sought at the outset for a formal disavowal of any such a purpose. Nor can this disavowal be made too strong. Not only is the relative diminution of classical studies and the increase of the natural sciences the result of a natural evolution in educational methods, but it is one upon which we are only barely embarked as yet. Indeed, it is the ambition of the writer to sometime preach, at much greater length than is possible here, the doctrine that a long-continued familiarization with the natural sciences in laboratory and class-room, sufficient to drill not only the intellect but even the instinct into a grasp of their common fundamental principles, is the only proper foundation for an effective understanding of life-work in any of its branches. He hopes to see it widely recognized that all departments of human activity are but forms of energy-transformation, and that a long drill in physics, chemistry, astronomy, mechanics and energetics is just as essential a preparation for endeavor in the field of law, journalism, state-craft or the ministry of the gospel as it is now regarded for the practice of medicine, psychology, navigation or the several engineering professions. The day of the direct study of man is gone. History and the dead languages we ought all to hope to enjoy, as a luxury of self-culture. But as a means for understanding, rather than memorizing, and especially for pre-

dicting, human action they are of almost no use. Man is now firmly installed, in modern scientific thought, as an ultimate result of natural evolution, as a highly intricate locus of inanimate energy-transformations. Therefore, the proper study of mankind is nature, inert and organic, not man. When the true reasons underlying the form and activities of the stars, the molecules and the mollusks are once known, the problem of human life, individual and social, will have been nine-tenths solved.[15]

Therefore the obstacle here descried in the path does not consist of the palpable growth of preference for materialistic over classical studies, as such. It consists, rather, of the almost universal insistence, to-day, that an educational course shall do one or the other of two things: either it shall amuse or it shall pay.

The demand that it shall amuse rather than discipline the pupil comes from a minority only, and that minority consisting of the ones who can afford to spend four years at college for nothing better than the incidental polish of contact with a thousand of one's fellows. These pupils

[15] The writer would here reserve the right to future sermons upholding the return of the classical studies to our curricula. It is not that he esteems them the less that he acquiesces in their banishment, but that he prizes natural truth the more. It is not that he dislikes them the more that he urges a change, but that he contemns some present methods most of all. The ideal educational course of the future will comprise, first and as a major, the study of nature, as a source of mental power. In second and incidental place it will include a study of man and his works, as a source of grace, beauty and enjoyment. Handicraft it will also teach, as an art and as a duty. But the present technical training of the hand and the mechanical part of the brain into a maximum fluency of duplication of purely wage-earning tasks it will reject altogether, as no proper part of youthful education. As the training of the adult specialist this policy may continue to play an important part; but it cannot constitute, nor aid, nor aught but negative, an education. The lean failures of men of the next generation, feeble-minded and unresponsive, instances of arrested development grown out of our present output of automatons, shall bear sinister witness to this fact.

are almost universally rich men's sons, together with a scattering of sycophants. They are numerous enough and momentarily influential enough to explain the rapid growth of the elective system and the "snap" courses which render it so attractive. But otherwise this class of young citizens may almost be ignored. They lack discipline, either mental or bodily. They lack earnestness. They are not immoral, but they are weak. They lack, in some manner or other, true vitality. They live fairly long lives, they are accredited to good positions in society, but they do not do the world's work of permanent value. They do not even reproduce. Their blood flows not in the veins of the next generation. A turn of the dial and they are gone. The race is busily engaged in sloughing them off by natural process, and they need concern us no more.

The demand that education shall pay, and pay in cash immediately upon graduation, however, may not be so summarily disposed of. It does not come from the moribund, but from the lusty and earnest. It is artificially forced upon them by the pressure of competition, rather than natural to them, it is true; but it is there, nevertheless, born and bred into their bones and become a part of their nature. Nor does it seem to surprise anyone. Indeed, it is honored. Professors and instructors expect and laud it, even rebuke its absence. Presidents and heads of departments mold their courses of study and the equipment of their laboratories to meet it, and the trustees back them up. Alumni urge it upon their institutions with earnestness, and with the greatest narrowness of mind of all. In consequence, the general plan and the details of each course, especially the technical ones, are coming to be built up upon the fundamental idea that the institution, in order to succeed, must turn out graduates who are able to work

at the maximum efficiency of money-getting immediately after graduation.

It is time that that portion of the community which takes interest in both our ethical standards and our intellectual progress should stop and ask itself: "Is this right?"

To raise this question is not to retire to the exalted but feeble platform of the visionary æsthete and to say: "All which feeds and clothes is sordid. Only the Nirvana of the true love of abstract beauty is our proper aim." The weakness of all such thought as this, wherever it may be used as an excuse from hard, dirty work, it is the aim of this book to proclaim. The world's work is essentially noble and ennobling. He who raised higher standards of altruism than the world has ever been able to follow said: "Hew the wood and you will find me; cleave the stone and there am I." No, it is not our purpose to breathe one syllable against the training of both lads and lassies to the habit of daily, wholesome, useful work in contact with the soil, but rather to urge it strongly. But this idea of training them to earn immediate cash is a very different proposition.

The question is: What *is* the world's work? What sort of work is most useful to the world about us,—not to the world of employers, but to the world of men and women? What, too, is most ennobling to ourselves?

If we stop to look about us at the achievements of the present day, if we analyze modern applied knowledge and trace the origin of our most useful information to its source, we must be struck with one universal fact about it. *When that information was acquired it was of no use to anyone. The men who dug it from the darkness of chaos never earned a cent with it.*

What are the foundations of our science of mechanics,

most relied upon of all other sciences? The laws of Newton and Kepler. Who laid the corner-stones of modern physics? Archimedes, Torricelli, Boyle and a long list of similar men. What paved the way for modern chemistry and made possible the enormous wealth-production which it supports and guides? The discovery of oxygen, by an unknown Swedish village-apothecary, and its sequence of other elements. Where would the present invaluable industries in applied electricity and electro-chemistry disappear to should we suddenly lose all record of the work of Franklin, Faraday and Volta?

These are trite questions, but they were never more needed than now. Every one of these men worked, each one of these discoveries was made, in utter disregard of any monetary return for the effort put forth. Indeed, so far as all considerations of money and comfort are concerned, there was every possible inducement against the work. Poverty, discouragement, the obscurity of neglect or the notoriety of persecution,—these alone were the rewards to the doers. The glittering splendor of our own extended industry was the reward of the race, but it was invisible then, even to the far-seeing eyes of these few. To these the love of knowledge and the love of doing were their sole excitants and their whole reward.

It would, of course, be puerile to urge our return to the tasks of our fathers. Theirs was the opportunity upon the unbroken field. Basic principles always come first; and while there are plenty of these yet undiscovered, yet it was but natural, to a degree, that they should lay foundations and we gild cornices. But are we not a little hasty with our cornices,—being perhaps content to cap solid granite foundations with sheet-metal pretense, in order that our superficial gilt may find expanse to rest upon before the solid masonry has been slowly reared to a finish?

Have we not yet need for intellectual hewers of hard stone, —or is the virile growth of thought now completed for all time?

However this may be, the spirit in which these old pioneers worked will never be out of date. The law of interaction between abstract discovery and concrete employment will never lapse. The toil of one man in the name of pure science to-day is still the price of food for the millions to-morrow. By that method shall we make intellectual progress, or we shall not make it at all.

It may be replied to this that such ideals in education are all well enough for the minority, but that the world demands that the great majority should stick to the hammer and the distaff. Right there is the great misunderstanding. So far as can now be seen, the law lies certain, not only upon the majority but upon every man, that he shall himself stick to the hammer in his own support during at least a portion of each day. Our so-called "upper classes" of college-bred, office-fed men are even now dying out, by involuntary race-suicide, because they defy this law. It is the worst loss of the winners at commercial competition that they are denied this wholesome duty and privilege. But whether one be at the forge or in the furrow, in the library, the laboratory or the forum, the spirit of the properly taught should ever be the same: to work solely for the love of the work and to take no heed for the future return from it. If one can do this, if he never feels tempted otherwise, then he is educated. He sees what is invisible to the uneducated. He sees the divinity of work. He sees the beauty of all things, all times, all places. He sees the unity of all nature and the unity of the human race. He sees history without dates. He sees his work crowned, utilized and enjoyed, by future generations of men if not by his compatriots. He cannot

mistake. He acts according to natural law. He has but to sow and to water; God will grant the increase.

But so soon as enters the question of an immediate cash payment for each hour's work done, all this majestic prospect must disappear. The thing chosen to be done is no longer selected by natural law and natural impulse. It becomes subservient to the dictates of the purse-bearer. The free attraction of the mind toward the truth is hampered. The line of progress is diverted. We abandon the foot-paths trodden by Aristotle and Galileo to become fan-wavers behind some petty throne. When we finally drop out of sight we leave behind us no one thing done which is of use to man and of honor to us.

This is the lesson so needed to be learned by the world of to-day: that the great bulk of current pottering and hammering and quill-driving now going on among the millions, in shop and drafting-room and office, *is* but dead pottering, doing nothing which the world will permanently prize, piling up obstacles rather, which the next generation must wearily take down again, as they must the sky-scrapers,—leaving no more mark, with all their zeal, upon the history of human institutions than did the builders of the pyramids or the upholders of the Spanish Inquisition, nothing but a token of the futile weariness and pain of the unknown myriads, of the futile pride and cruelty of an infamous few, but of constructive aids to human life and hope almost nothing.[16]

[16] The full force of this position cannot be grasped until the reader shall have finished this work and joined the author in his view, from a distance, of the natural civilization toward which we are struggling and drifting, and of its contrast with our present semi-barbarism of industrial profit-seeking. Would you gain this perspective, let us see how Taine views similarly, from a distance, a similar epoch in the twelfth century. He is writing chiefly of literature and makes that his bull's-eye. I write not only of literature, but of all other modes of ethical expression: art, architecture,

To bring this sermon home in detail, one needs but ask what fault does this mistaken policy show in our graduates of to-day. Wherein is present education failing? Plainly in this, that it is short-sighted.

In the first place, it is inconsistent in its advice. It lauds the cultivation of earning-ability and at the same time advises education. Yet education is not what earns money. Look over the list of millionaires and multi-millionaires (excepting those so young as to have inherited what they have)! How many of them possess or rely upon college-educations? How many do not pride them-

music, invention, constitutional law, anything which can embody, preserve and transmit high ideals for the support of future races of men. He wrote of a time when things moved slowly, when three centuries were as three decades now. He wrote solely of the scholastic department of life, then the only field of progress. I write of the world's workers, of the builders of our nation's outward expression, whether professional artists or wage-earning designers or office-seated leaders of men. I write of the ideals which imbue them and which they owe to their education, wherever they got it. I write of the dogma which shackles them, midst an age of fierce activity, almost into paralysis,—just as did Taine. The dogma which he condemns was the Scholastic Philosophy. That which I attack is the Philosophy of Commercial Competition.

"Beneath every literature there is a philosophy. Beneath every work of art is an idea of nature and of life. This idea leads the poet. Whether the author knows it or not, he writes in order to exhibit it; and the characters which he fashions, like the events which he arranges, only serve to bring to light the dim creative conception which raises and combines them. Underlying Homer appears the noble life of heroic paganism and of happy Greece. Underlying Dante, the sad and violent life of fanatical Catholicism and of the much-hating Italians. From either we might draw a theory of man and of the beautiful. It is so with others; and this is how, according to the variations, the birth, blossom, death or sluggishness of the master-idea, literature varies, is born, flourishes, degenerates, comes to an end. Whoever plants the one plants the other; whoever undermines the one undermines the other. Place on all the minds of any age a new grand idea of nature and life, so that they feel and produce it with their whole heart and strength, and you will see them, seized with the craving to express it, invent forms of art and groups of figures. Take away from these minds every grand new idea of nature and life, and you

selves, as self-made men, upon never having had more than a common-school education? Why, I have seen whole sets of statistical curves projected to demonstrate the superior earning-capacity of technical graduates who had had a post-graduate course over those who had not,—and the most lucrative position listed there amounted to some six or seven thousand a year! The average income was but two or three thousand. But how about the incomes of sixty or seventy, or of six or seven hundred thousand? How about the much more common rates of sixteen to thirty thousand? How many post-graduate degrees does it take to earn those incomes?

No, these incomes, which alone constitute success of the

will see them, deprived of the craving to express all-important thoughts, copy, sink into silence, or rave.

"What has become of these all-important thoughts? What labor worked them out? What studies nourished them? The laborers did not lack zeal. In the twelfth century the energy of their minds was admirable. At Oxford there were thirty thousand scholars. No building in Paris could contain the crowd of Abelard's disciples; when he retired in solitude, they accompanied him in such a multitude that the desert became a town. No suffering repulsed them. . . . These young and valiant minds thought they had found the temple of truth; they rushed at it headlong, in legions, breaking in the doors, clambering over the walls, leaping into the interior, and so found themselves at the bottom of a moat. *Three centuries of labor at the bottom of this black moat added no single idea to the human mind.*"

The italics are mine. Is there no parallel, even to a degree, in our own day, when Harvard and the University of Michigan have grown in fifty years from hundreds to tens of thousands; when the publishers of books report their lists of new ones not only by the scores per month, but per week, apologizing to the public when a single day passes without the appearance of at least one new volume; when these last fifty years of forge-fires and hammer-blows, of new fiction and peace-conferences, finds just as many people oppressed with hunger as at the start, finds in the face of an unappeasable appetite for reading-matter almost no current accumulation of permanent literature; finds art schools and galleries and societies galore, with no art in them but that of the copyist; finds a science of sociology as dumb in response to the universal questioning, as to why it all is so, as in the days of Adam Smith?

worshiped sort to-day, are earned by schooling of another sort. Imagine this wage-earning advice to the young to be consistent, and what must be its tenor? First and foremost, not to go to college at all, but to flee from the effete shades of knowledge unapplied to profit-making. Go, instead, into business! Do business, from the age of fifteen on! Breathe and eat and drink business; worship it by day and dream of it by night! Reduce every feature and opportunity of life to its simplest terms, a percentage! Learn at every turn to take all that the law allows,—and five or five hundred per cent. more if you can escape detection! Learn to tax and browbeat your competitor and the general public to the last degree, gauging most accurately how far the pressure may go before the worm will turn!

Ah, could not a school be organized which would really supply what these innocent misguiders of youth advise them to seek? The main façade would be crowned with a gilded calf, supported on the one hand by a memorial statue of Tweed and on the other by one of Quay! An imposing string of Astors and Vanderbilts for trustees! Mr. J. P. Morgan for treasurer! Mr. J. Edward Addicks for president! Mr. John D. Rockefeller for chaplain! Mr. Thomas W. Lawson for lecturer upon ethics, and Messrs. Hyde, Harriman, Hill, etc., for the rest of the faculty! Mrs. Chadwick for librarian (when she gets out) and Chief Devery as athletic director! The amphitheater-lectures would illustrate, by experiment, the art of making your man give an order or take a price. Psychometric dissection of the living consumer would develop the exact degree of abuse bearable before revolt. Would it not be magnificent? If the chief end of man is to make money, then the chief aim of education must be to teach him how to do it; and where can be gotten such inspiration to zeal and industry in this laudable direction

as from the contemplation of those who have succeeded in surpassing a million rivals in its pursuit?

Go to! Let us at least be consistent! Let us either close our college-doors and tell the youth of the land to go elsewhere, that we college-professors do not know what they wish to learn, or else let us say to them plainly, before they enter, in every lecture, in our every deed in laboratory or library, that the one lesson which we have to teach, the one lesson which they most need to learn,—which they will have difficulty enough in remembering, indeed, against all the temptation of the outside world, throughout the many years succeeding our brief effort at its inculcation,—is that he who works for the sake of the wage works to naught, and that only he who follows where love of work leads him, utterly disregardful of cost or consequences, truly serves himself and all mankind!

Furthermore, this indictment of short-sightedness in the present college-course can be argued more in detail than the above. It aims at turning out a graduate who can do, during the five or ten years immediately following his college-course, with the maximum speed, the things which the world of employers was wanting done at the time when, or just before, his education took place. He must be able to compute and draft and analyze and amputate with the maximum of celerity and skill. In other words, he must be the most profitable of employees,—for he is an employee just the same, even if he be a surgeon, if he operates chiefly for his fee. He is not asked to plan or discover or conceive beauty in design; that earns little or no money.

But the slip in the argument is that after that first decade out of college, by the time he finds opportunity for really good work, he has dropped all the details of his

college-education below the horizon. He retains only its fundamental principles.[17]

It must have been observed by all educators that the development of the mind proceeds at a fairly equal pace in all classes of individuals. Our system of graded schools could not exist were this not so. The difference between individual intellects lies chiefly in the age and distance which they can traverse before they cease all progress and drop out of line. Some do well up to the fourth grade of common school and then fail. They do not spend the same time in traversing this ground which the brilliant pupil does in completing his education, which finishes, say, with a Ph.D. Up to the fourth grade the two proceed fairly side by side; but there one stops and the other goes on. Some reach the high school, but never enter. Some complete the high school course before they "find their number" for life and settle down upon it. All through the college-course this sifting goes on, weeding out those who can go so far but no farther. Only a respectable minority find profit in a post-graduate course.

What then? Time nor life stops when the last degree is earned. Is not the picture of life to be drawn upon the same lines? Are there not some who give brilliant promise at twenty or twenty-five who at thirty have attained

17 Repeatedly I have had alumni tell me: "Your course is strangely lacking. Now I, as an employer, am seeking all the time men who can do so and so. Why do you not put this training into your course?" If we did we should be turning out wooden failures of men. There are thousands of these employer-alumni, each with his particular pet task in mind, desirous of employing automatons out of whom to make a profit. If we trained our graduates into grist fit for these hoppers they would be fit for a score of such mechanical tasks *none of which were any more in demand by the time they reached responsible years*, and for nothing else; while for bold and effective progress of their own into fields now unknown, but soon to be in demand, they would have been utterly incapacitated, so far as we had been able to influence them.

their zenith? Some go on a few years further and still make progress. But only very, very few there are, those who leave their mark upon human history, who continue beyond this point and in the fifth, sixth and seventh decades of life still evince the ability to learn and to teach,—who, like the grand old Gladstone, can lie down, in their ninth decade, upon their last bed of pain with the prayer of gratitude for the privilege: "One more lesson, Oh Lord; one more lesson to be learned!"

Is it not, then, the prime and the sole object of all education to lengthen this time of intellectual progress for each man, to increase the average longevity of the intellect of the race, just as it is the aim of all applied biology to lengthen the body's span of years? But this cannot be done by multiplying exercises. This can only be done by leading each youth to love knowledge, to see that all forms of truth are one, to learn equally from the pages of his mathematics and from the eye-piece of his microscope that all branches of science are but the study of different phases of a single Nature and that all phenomena are but the manifestations, upon different scales and speeds of integration, of the same elemental activities; to learn that time and space and dimension are not, and yet that there exist eternal, indestructible realities; and finally to have complete faith in the unity of God, nature and man—to the end that his mind may be ever free from bigotry and prejudice and open to each new and strange form of the old Truth. This, and this alone, would seem to be education. "Whether I teach Greek roots or Roman law or the precession of the equinoxes," said one of my revered teachers, now laid away to rest, "I teach the truth of life. I remember always that in each division before me probably sits some future great man, and I teach for him. The rest, even if I shoot over their heads, are sure to gain a

little true gold and to have missed some burden of dross which they otherwise would have picked up." Before a gathering of New England college-educators an official of the Pennsylvania Railroad is reported to have said: "For apprentices in our Altoona locomotive shops we prefer the graduates of the academic to those of the technical schools. They have learned the Law of the Conservation of Energy and the humility of the true student, which is all that any course can teach, and they have nothing to unlearn."

When we teach for the sake of the year after graduation we teach things of ephemeral value. Let us who have attained to years of responsibility look back a quarter-century and ask ourselves: "Supposing we had remembrance of every atom of our college-course, how much should we find useful to-day? How much of it would we not find a heavy burden of obsolete method and absolute falsity of doctrine?" These things we educators must remember in laying out our present work, that of nine-tenths of what we so carefully teach to-day all that is not forgotten twenty years hence will be in ridicule. The other tenth will consist neither of details nor of applications nor of methods. It will consist of principles so fundamental as to form a part of all thought and to apply to all problems of application, and so well established as not to be shaken by future discovery. These things alone we know and should teach. It requires a very short classroom course to impart them. It requires more than the allotted three-score-and-ten of years to grasp and utilize them to their utmost.

These are the reasons why the detriment of our educational standards and methods is one of the heaviest costs to the community which can be charged against the competitive system. For the competitive system is wholly

to blame for it. There is no natural physiological tendency in man to otherwise explain its presence. It is the natural result of the artificial pressure upon employers and employees alike, to make of every man a machine. Each hour's effort must produce enough of value so that seventy per cent. can be deducted for cost of barter and enough be left to feed the next hour's effort. And so the college-student of the technical sort (which promises soon to be all-inclusive) is carefully trained to earn. He is not educated; he is trained. Each thing which he may be called upon to do after graduation, each problem which can be foreseen, he must practice doing and solving in undergraduate days. He learns by rote, as do the Chinese. The discipline of unaided struggle with abstract problems, earning the ability to think alone, and the inspiration of the study of fundamental principles, earning the ability to see clearly a path ahead when to others the obstacles are rigid and opaque,—these are quite lacking. As the years of after-life pass by, so far as the college-education may still make or mar, the dull product of this mechanical training must still sit and twirl his thumbs, in the obsolete manner taught him years before, while the new demands of the new times are dragging into prominence and power the men who are not so wooden, the men who were truly taught, in college or out, and who awaited their education in wage-earning applications until they entered the wage-earning world.

Let here be raised in solemn warning, then, the declaration that, of all the painful tasks of reconstruction which await the impending overthrow of our now almost obsolete commercial system and the clearing of the ground for better things,—worse than the reabsorption of the millionaires, the razing of the slums and skyscrapers and their replacement with the less grotesque and gruesome,—the

worst is to be the slow outgrowth, requiring more than one generation, of the educational faults now being branded upon the youth of the present and near succeeding days.

For it is useless to place before us Huxley's, or anyone else's, statement of what constitutes an ideally, perfectly educated man, of what the divine image looks like, unless we are at the same time told why we do not now attain it. For if we fail of it, it is we who are at fault. The divine power of natural growth, animated and directed by the Supreme Intelligence, will take care that the resultant image is of the proper stamp, if we but permit opportunity. If it come out marred or distorted or stunted, let us look for mistaken strokes on our part, not on God's or nature's, not for original sin or total depravity. To abstain from marring the pure raw material intrusted to us, the childhood of which is the kingdom of Heaven, by pressure, by haste, by avarice of the visible, by odious comparison: this is the proper aim of all education. This we shall have, in kindergarten and university, when, and not before, a price is no longer placed upon all human life and made variable by barter.

The Public Libraries. Closely allied with the public schools, in our system of education, are the public libraries. They exhibit more clearly than does any other instance in our present organization the natural fountain of pure social ethics and æsthetics, the true and natural relations between man, his work and the state which spring up promptly when barter is eliminated.

Most of us now living have seen the gradual extermination of the private library as the repository of the community's printed thought. A few friends in boards and cloth each of us still keeps by him, it is true; but the

reliance of the community to-day for its reference funds of knowledge is the large public library.

To these libraries men contribute, as individuals, what they are able. Some books,—most of them, as numbers go,—are written for the sake of cash. How worthless are they to the community! They are its literary burden. As for those of Miss Alcott, written to shingle the barn, and Sir Walter's later volumes, indeed, they are not to be burned with the rest; genius is behind them,—prostituted, because of competition, to shingling barns. But they are the exceptional few. Burning is too good for most of the others. Of all of those which stand as permanent contributions to human possessions of real knowledge, every one was gotten out without regard to pecuniary considerations, and usually in defiance of them. Did some of them bring in money? If they had not they would still have existed. Most of them brought in poverty and scorn; some of them the stake.

How they have increased in numbers, too! The books formally enrolled in public libraries have multiplied by five hundred per cent. in less than thirty years. Is this a sign that public organization kills initiative? Has any other institution of equal importance, but privately organized for profit-making, any better record for progress? The writing of the books was largely for profit's sake, and so, as literature, they are many of them worthless. But the zealous gathering of them upon the library-shelves, where all might have access to them with the greatest ease, the industrious expansion of facilities for the public use of them, the uniform courtesy of the attendance,—all of these are the direct result of the public organization of the libraries and their operation without the most remote idea of personal profit or corporate dividends.

From these libraries men draw what they can. The

only restriction upon the utilization of their treasures is the ability of the individual to absorb. They are quite free from charges, onerous or otherwise. Do we find rife, therefore, a natural disposition to steal the books? Practically none. There is no incentive; naught is to be gained in that way when everything is so free. Men steal only what they are forbidden to enjoy.

The existence of the public accumulation of all knowledge is infinitely more comfortable and useful to the individual than is any fractional hoard which he can possibly amass, care for and defend. We shall some day see that this is also true of a public accumulation of any enjoyable thing: not of money, for money is not an enjoyable thing, only a tool for measuring transactions, already largely replaced by mere written records; but of houses and land, food and clothing, transportation and fine art, in representing which money first assumes any value whatever. In the past development of society, as the neglected pathway of barbarous times became the modern boulevard, requiring underground construction, paving, sweeping and lighting, has the tendency developed on the part of individuals to walk upon it more than is wise in order to draw to themselves its value away from others? To the extent that they utilize it do they not contribute value to the community not abstract it: just as men do in utilizing a library? Only franchise to tax the public tempts man to monopolize the public streets.

Incidentally they wear out the books or the boulevard in the using, of course. Is not the cost of maintenance insignificant, in comparison with the gain due to the freedom of use? Is it not infinitely cheaper to charge it up to a single account, distributing the cost uniformly to all, without regard to what they give or what they get, from either library or boulevard, than it is to try to measure

out, charge up, bill out and collect each man's debit and credit? Have not the privately owned library and the county toll-road disappeared most naturally together?

If the street cars were operated upon the same principle as the rest of the avenue, and the house-lights the same as the street lights, would robbery ensue? Would people take the time to ride needlessly in order to defraud the community? They would soon tire, or the fresh air would clear their brains. *Could* they defraud it? They might give cost to the community, but they could carry home with them nothing of value to themselves, except expanded lungs and memories of field and sky, worth infinitely more to the community than the cost of the two-cent car-ride. Would people be tempted to sit up o' nights in order to waste light? What could they gain thereby?—except temptation to read or to think, of inestimable value to the community.

When will the simple old distinction of Proudhomme be understood? That "property is robbery *and possession liberty*"; that when the use and enjoyment of a thing is assured to one the very selfishness which before demanded ownership now urges one to avoid ownership. To-day men ruin our government and themselves in their fight over street-railway and lighting properties, giving millions for the privileges,—because there are profits artificially and unnecessarily attached thereto. Were the work of furnishing illumination all done at the gas-works, by labor and superintendence, with wheelbarrows and pokers, amidst heat and soot, and not at all at the down-town offices,—with no profits, no stock nor bonds, no dividends, no share-holders, no presidents and treasurers attached, like the post-office,—would there be such a struggle on the part of the silk-hats to get in? Would ten dollars a day, or ten times ten, hire them to enter?

It is all of these factors which must be remembered in trying to compare bargaining with coöperation, and their comparative ethical results. The library reveals them all clearly because it comes only slightly into contact with money-making. The cheaper publishers attempt to foist upon librarians books unworthy of admittance, it is true; but the latter are professional men, upon salaries from the people, and are in no wise dependent upon the publishers: as the post-office authorities are, for instance, upon the great money-making corporations which corrupt them. The post-office cannot conduct its daily work without reliance upon and contracts with profit-seeking railroad, steamship and supply companies. It is in these relations that all the scandal arises. But within the library, because the use of the books is not sold at a price, there can be no profits made. Dishonesty on the part of librarians or assistants can avail nothing. It is the one public service which supplies individual citizens which is operated solely for the sake of the service, no money being handled. Therefore the service is good; the books are good; the intangible gain to the community is unquestionably many times its cost. It is the one most important service to the community, after the necessaries of life and transportation and communication are attended to; yet it figures very little in cost of maintenance and not at all in "vested interests," listed securities, dividends or coupons; in its "promotion," its financing, its advertising, its "established trade." Its patrons seek it, as alone is natural, not it its patrons.

Journalism, Fiction, and the Stage. There is yet one other item of community-life which must be briefly referred to here, as throwing bright light upon the ethical effects of competition, because it suffers so palpably from

them. This is journalism. The same forces are at work in the creation of the present flood of cheap romantic fiction and of the intellectual degeneration of the stage as in the rise of yellow journalism, it is true; but journalism exhibits them the most clearly. It will be discussed alone, in illustration of the others.

Journalism presents a peculiar combination of the professional and the commercial. Its leaders are drawn from the very first walks of life. College-bred, well read, cultivating at every step breadth and charity of view: as individuals they are able and by taste they are inclined to furnish us with a compote of daily news which is really an inspiration, drawn from the best current doings of the entire world. But they do not do it.

The degeneration of the newspaper arises from a single corrupting force: profit-seeking. This operates detrimentally both from within and from without, but especially from without.

In the first place, each sheet experiences horizontal competition with its neighbors, against which it must strive for life. It must maintain its circulation or lose its existence, and with it its least power for good. In this it suffers in common with all professional attempts at the attainment of high standards of art. Turn, for instance, to the man who wrote too well to be a journalist: Kipling. In his "Light that Failed" he has Dick preach a sermon to Maisie, to the effect that good work can only be done while one is unconscious of self and of success. But the competitive system forces every striver in artistic lines to have one eye cocked always for success, since only by success can he live. He is not awarded an income by the art-loving public according to the quality of his work; he must abandon quality in order to produce quantity. He must appeal to the greatest numbers; for

his managers, operating commercially, choose their programmes solely according to the audience which they will gather, to the profits which they will return. No attention is paid to an auditor's taste; it may be good or atrocious; if he has a dollar ready to pay, that settles the question; he shall be served with what he prefers. So the artist must play to the galleries, because the galleries, thumbs up or thumbs down, declare literally whether he shall feed or starve, live or die. Mr. Kipling wrote this book in the hope of combating self-conscious effort. But the entire volume, outside the sermons, voices the prevalence of forces to the contrary which are infinitely more powerful than exhortation: the enforced struggle for comparative recognition. Dick's life speaks it. Mr. Kipling's does the same: for to the present writer his sentence to oblivion, for a time at least, was written by Kipling himself, in a review of one of Mr. Bullen's sea-tales, in a remark to the effect that "the material presented was sufficient to have made five books." When the prostitution of literature to the manufacture of books comes in, the inspiration being measured in terms of the amount of copy it will produce, the man's fate is sealed. Out of the ashes of the murdered muse, if the writer learns and repents, may arise the incarnation of a new one; otherwise his art and his fame are dead forever.

This is what is the matter with journalism. The muse is not, indeed, impaled upon the copy-hook. Space is usually in demand more than copy. But she is outraged by the scareheads and the sensational and sporting news which is relied upon to catch the taste of the public majority; for no regard is paid to the quality of the clientele. The two cents of the newsboy is as good as that of the Academician. And as the lowest tastes and tendencies are the ones which open the pockets most promptly upon

excitation, those are the ones to which constant appeal is made. The more sensational the matter the greater the profits. Only the extremity of public opinion and the law bars out sheer obscenity.

To the character of this audience of journalism further reference will be made a little later. In the meantime it is desirable to point out that the forces on the inside, in journalism, are worse yet. There are very few sheets which maintain their circulation by either the high literary quality of their editorials or even by the literary taste with which the paper is put together. Circulation is not directly the mainstay of existence. The daily paper lives upon its advertising. Circulation enhances the value of the advertising-space, of course; but the latter is worthless unless utilized. It must be kept filled against all the competition of the other local papers.

The order of importance of the different sorts of self-sustaining effort in journalism, therefore, may be stated as follows:

(1) To secure advertising matter;

(2) To secure circulation, in aid of the former;

(3) To publish the news of real importance;

(4) To publish the best possible editorial review of the day's events.

Note, in the first place, the order of importance. No desire or aspiration in (3) or (4) may find expression if it antagonizes either of the preceding aims. No news must be printed, no editorial attitude taken, which may offend large advertisers or large bodies of subscribers. The news and its manner of presentation, in scareheads and sensational contents, must be debased to the task of securing circulation; the editorials to that of currying favor. Our journals have exactly the same problem of intellectual independence invaded by need of pecuniary endowment

which threatens the proper usefulness of our universities, our theatres, and our churches.

In such negative fashion does the competitive system inspire man's highest literary afforts! Is this the honored Muse, triumphant, in a wagon hitched to a star? Is not rather the rider before the cart, the Muse harnessed as a draft-animal, with blinders, that she may not see how unhappy is her own plight; and in the wagon behind the blinders a very mundane burden: a golden calf, heavy and uninspiring?

Taking up the numbered list seriatim, effort in the first direction is purely commercial in its nature: unalloyed barter, the acquisition of influence over men.

Effort in the second direction is the same; but it masquerades very successfully as reportorial work. It consists in publishing spicy reports of sensational local incidents, in embellishing them with the most startling of scareheads. No man of literary taste would ever think of presenting facts in such a manner except for hire. Yet it gets to be an unconscious habit. For instance, a local sheet furnishes these headlines:

"AGED LADY DEAD."
"Was One of M——bury's well known Residents."
"STENCH SOMETHING AWFUL."

To be sure, in this case the sensational becomes prominent from an unfortunate juxtaposition of the news of the death of an estimable citizen and that of a break in the town-sewer; but its unconsciousness illustrates the carefully cultivated tendency to shout out something terse, coarse and incisive, as the newsmonger's first duty, better than would a more deliberate offense. It typifies the explanation of why it is that, in a million cases, our better

taste is jostled and jarred by the coarse and incongruous. It makes plain why it is that even in the journals furthest removed from the "yellow," there is no effort, made or pretended even, to give news prominence in proportion to its real importance. It is displayed with sole regard to its probable influence over the purchasers of the paper. In this it addresses the millions. With them it appeals to the impulses which most promptly open the pocket: to a sharp little stir of the baser passions. If it possesses an audience already cultivated, by other forces, into response to appeals to the mind or the heart, it also pays to somewhat excite the populace in these directions; but there is always more profit in the cultivation of the baser side of life. In any event, the dependence upon profit for existence forces the press to be a servile follower of public taste and opinion, instead of the leader which it ought to be. It cares not at all for the individual opinions and consciences of its editoral staff. It cares very little for the patronage of the minority of the community of superior intelligence and taste, who would pay a much higher price for a reliable, impartial sheet devoted solely to the most important news and to editorial review; for to cater to them would be to lose the much larger volume of low-price trade; and volume of circulation, not quality, is what gives value to the advertising-space.

The circulation of the daily press depends upon the skill with which it plays, as upon a harp with a single monotonous and defective string, upon a certain weak tendency of the times, a tendency which reveals how insidious and universal are the evil effects of competition upon our national tastes and actions. This tendency deserves especial attention.

The competitive system leads to overexertion upon the part of all, high or low, except a few whose incomes are

drawn from inherited accumulations. The only limit to the exertions of either the business or the laboring man is his inability to do more. Either exhaustion or overtension of the nervous system are the American trademarks.

The recreation of an organism in such a condition as that must always consist of a distraction of some sort. If the nerves are worn out by extreme effort in one direction they must receive artificial stimulation before pleasure can ensue from activity in another. If they have been wrought into intensity in one line of work, although there may be no consciousness of fatigue or exhaustion, only sharp sensations will avail to draw them off from their fixation upon work into fixation upon anything else.

For instance, there has been no time in the history of France when the theaters of Paris were better patronized than during the Reign of Terror. At a time when superficial reasoning would predict gloom as enshrouding the entire city, preventing all relaxation in amusement, a knowledge of the law of equilibrium in biology regards the feverish gayety of such a time as only natural. It is inevitable that we must play as we work. Not only must we have as much of the one as we do of the other, but it must be of the same sort: the natural recreation will be strenuous, exciting and exhausting, or calm and elevating, entirely according to the character of the work prescribed. President Roosevelt advises strenuous play that the work may be strenuous. Right, if strenuosity is the most desirable life. But there is such a thing as inefficiency from overexertion. It is at present the curse of this country; for it inevitably begets three things:

(1) Error due to lack of deliberate and penetrative reflection, whereby less is accomplished than otherwise might be done with less exertion;

(2) The natural reaction, in the second generation, to the opposite extreme: unconquerable laziness;

(3) The need for overintensity of recreation, which is the prime instigator to all vice and crime.

It is these secondary effects of the overexertion coerced by barter which have indelibly stamped upon the present generation its tastes in literature, daily or otherwise. It is the short story, briskly told, or the sensational novel, which stand supreme in book-work. It is the picture, as spicy as possible, which makes the periodical. It is the "scarehead" and the brevity and incisiveness of the reportorial work which wins circulation for the daily journal. It is the play of sharp wit and questionable morals, spectacularly staged, the comic opera padded with horse-play or the variety of the vaudeville programme which "takes." Those who run as they read do not pretend to digest or reflect. They do not even care to absorb. "In one ear and out the other" is the motto of the newspaper-reader.

Ninety-five per cent. of the reading done of daily journals is of the same hideous sort of debauchery of the mind that the degenerate Romans used to exercise with the stomach: gluttony relieved by artificial, unnatural rejection, and carried on from the lowest of motives: the overtitilation of sensory nerves finally become too tired to respond to ordinary wholesome excitation. Only let the matter be graphic and sensational enough to arrest and divert the weary attention for a moment from the grim demands of the daily struggle! Only let it not be a thing to stay by one, demanding serious consideration, effort at understanding, digestion, reflection, offering its addition to life's accumulation of wisdom! For there is no time nor strength for such things in the competitive campaign. He who preserves them must give up all

economic hope and drop resignedly into the ranks of the unpaid: the laborers, the scholars and the artists.

It is to such an audience as this that journalism necessarily caters to-day and by the verdict of which it lives or dies. The survival of the sensational is inevitable. To contemn the "yellow" journals from a platform of superior morality is at once specious, futile and hypocritical. They are not only doing just what every other businessman in the country is doing: seeking trade, without too fine a question as to the nature of the means or of the incidental results, but they are doing it *because* he is doing it. They cannot possibly stop; they must inevitably get worse and worse, until he stops. So let him who has not sinned to the extent of seeking trade and profit, in ways not lending to the glory and improvement of his native land, cast at fallen journalism the first stone. When he has purified himself he will find, *mirabile dictu,* that her garments are already clean.

Let barter be but abolished and journalism will rise from its present bed of mud as a whitened angel. Of advertising there will be no more. Bulletins there will be, in plenty, but not often of prices; only of real novelties on the market. Fruits may change their prices once a week, fish and meat once a season; the rest of the staples will alter their prices so seldom that, there being then no longer any question of where to buy, there being only one dealer and one price, the question of prices, even after the pattern of present market-reports, will be unknown as news; they would probably occupy separate bulletin-sheets.

The newspaper will then consist of just two things: (1) The report of things done; (2) the expression of editorial opinion in review of current events. Neither will be done with a view to curry favor with the multitude; they will be guided solely by the conscience and good taste of the

writer. The income of editor and reporter will be as assured as is that of the press-foreman to-day: liable to be lost at any time for poor work, but not consulting the rabble as to what constitutes poor work. As the press-foreman to-day receives his appointement at the hands of a circle of gentlemen who have proven their competence to judge his work, so the journalist of the future will be accountable only to the highest literary lights of the country in his search after fame and success. Of them he will be one. He will be on continuous trial by his peers. As to his fate the people who enjoy reading only of prize-fights and divorce-trials shall have not one word to say.

This is not an outline of a thing which, it is hoped, may be enforced. It is the only thing which can possibly come to pass if barter be once eliminated from industry.

Art and Aesthetics

It is one of the unfortunate results of the prevalence of competition that there is very little else with which to compare it. Just as in economics the services carried on coöperatively are few and small, so, in the department of the fine arts, the existing instances of expression of taste which can be regarded as representing the community are comparatively few. In fact, outside of defense, sanitation and the supply of material commodities, we have almost no community-life. The body politic, as an entity, is as yet in its savage state, concerned chiefly with war and food-supplies; giving, as an organized unit, almost no care to education and the fine arts. This is where many European states which are far behind us in political or economic organization surpass us to a marked degree. It has been shown how the community is affected by barter in several lines which border closely upon, if they not appreciably enter, the field of pure æsthetics. But in

none of these particular lines is there any real community-action; all is organized upon the commercial basis.

The lines in which the community itself attains opportunity for the expression of standards of taste are four in number only: Architecture, landscape-gardening, preliminary education and the library. There is enough evidence, however, within these limited fields to establish plainly one broad rule of æsthetics:

All that is beautiful in our community-life can be traced directly to coöperation, all that is hideous to barter.

In discussing this proposition extreme care must be taken to correctly identify the cause and the effect. To throw light upon the study in hand it must be certain, in every instance, that economic, not ethical, forces produced the æsthetic result in question. For instance, suppose that a man accumulates a fortune in establishing a great business, in the usual way. This he bequeathes to his son, who is also able and who continues the prosperity of his patrimony. Suppose that the grandson, in consequence, grows up in comfort, with a proper degree of freedom and responsibility to develop character and enough of luxury to develop taste. Suppose that he traverses college as most boys do, drops into a place prepared for him in his father's business, leads a quiet, useful life and at sixty presents to the community a beautiful park, tastefully laid out, a public building of inspiring outline, a new school nobly planned or a skillfully selected library. What is there here of cause and effect between economics and public æsthetics? Nothing at all. Do you insist that economics enter as a cause? Then include in the analysis of how he acquired his leisure the travail of the visible hundreds and the invisible thousands which his leisure has cost? What destruction of taste has there been there? Do you insist that æsthetics appear as an effect? All

the world knows, and long has known, that the first essential to the growth of taste is leisure. To further understand why this is so is a problem in physiological psychology, or in the evolution of the human body, not of sociology or the evolution of the human community.

The value of leisure for human progress has for centuries stood as the excuse for the earliest political slavery. How the first steps out of savagery into civilization might have been made for the few without the slavery of the many, we cannot well say. That is the way they actually were made, and we can imagine no other. But by the twentieth century, or even by the middle of the nineteenth, this excuse had grown too old. The cost to the many of that method of securing the leisure of the few had grown, in our Southern States, at least, too great for tolerance. It was demanded that the many, the all, have, if not leisure, at least the freedom to acquire it. The demand was ridiculed, resented, resisted, at cost of all leisure and peace to millions; but it was granted.

The queer thing about this topic is the widespread confusion of mind between the necessity of leisure as a preëssential to cultivation and the supposed necessity for the oppression of the many as a means to that leisure; although this oppression was merely an incidental price paid for the leisure of the few because no one then knew how else to obtain it. That the few must have leisure in order to be aristocratic is vehemently supported by those few. That the masses would be equally cultivated if they possessed equal leisure, that they never can become cultivated until they do possess leisure, is just as vehemently denied.

Now, in the twentieth century, we are witnessing a culmination in the history of barter quite similar to that of the nineteenth century in the history of slavery. That

barter has always led to the leisure of the few, and hence to their better development, within certain limits, it were absurd to deny. But the plan has been outgrown. It not only now costs too much to too many, but it permits a too mediocre development to the favored few. That these last are now lagging further and further behind the actual progress of the arts and sciences in the hands of the higher wage-earners, even hampered as they are by their $2000-starvation-wage, has already been pointed out. The fact that an occasional rich man overcomes or evades his disadvantages and becomes cultivated, in spite of the processes which gathered his cash, is nothing relevant whatever. How far both rich and poor are behind what they might be in these matters it is the province of these pages to dimly suggest.

Architecture and the Streets and Parks. Here the comparison between public and private taste is almost that between something and nothing. Our public buildings alone of all others possess anything worthy of the name of architecture, any elevation of outline, any technical propriety of detail. The only other buildings offering any approach to the artistic are the dwelling-houses of that minority of the rich minority who have sense enough to really live in the country. No city-house can possibly be beautiful; it has no room to be. No temporary summer home can offer the highest beauty; it lacks the spirit of the Penates. As for the dwelling-houses of the really poor, in city or country, the less said the better. The dwellings of the middle class of wage and salary-earners, in communities of moderate size: the modest frame and plain brick houses occupying the quieter streets of small towns, constitute what is really our only typical American architecture. They present a truer expression of natural, harmonious community-life than anything else we have.

Advertising Signs

The Competitive Distribution of Information

In so far as they do so they are beautiful. But that they might imaginably be raised to a far higher standard of design and execution, while still retaining their natural simplicity, any artist will gladly admit.

Of private business-buildings hardly a syllable of excuse can be said. It is these which naturally express the business-world, with its planlessness, its congestion, its constant internal strife, its haste, its parsimony of space and taste, its vulgar prodigality of what money can buy and its eternal password: " Comparison, comparison ! " Within these buildings, for factory or for office, there resides no peace, no harmony, no gentle consideration for others, no dignity nor deliberation, no high ideals of beauty, except as they exist in defiance of the relentless system about them. Individuals there may be, in commercial authority, who are dignified, deliberate, considerate, and tasteful: but their skill, as they compete, begets the loss of these same things for millions of wage-earners about them. It is quite fit that the buildings which house their efforts should be what they are: the most hideous jumble of the incongruous, the planless, the distorted, the tawdry, which it is possible to conceive as compatible with the wealth which they produce or handle.

If exception be taken to this, if one points to the better factories of the day, surrounded by superficial attempts at grass and geometric flower-beds, or at such buildings as exhibit truly beautiful decorative detail, in contravention, the reply is easy. They illustrate two things: the protest of individual good taste against the natural fruit of the competitive system, and the beginnings of the substitution of coöperation for competition. But it is little progress that either can make. The same coöperative links between man and man which, in economics, have gained for the country sufficient increase in productive efficiency to over-

balance the steadily increasing proportion of destructive competition, are beginning to make themselves felt, in æsthetics, in sporadic progress against the degenerative tide of competition,—for within the factory-walls is perfect coöperation; but the factories are governed by the offices, and they are exclusively devoted to barter.

Our public buildings, on the other hand, are uniformly of a high standard of architectual beauty. Each has its technical faults, no doubt; but as a class they represent the best we have. In them is no disposition to compress or to distort to competitive ends; there is no need for it. Land enough is used to obtain perspective. Dimensions are chosen with an eye to its utilization for good effect. Every one of them speaks the dignity and the solidarity of the coöperative state. Most of them suggest the possibilities of its refinement.

Compare the series of them: the state capitols, the county court-houses, the city libraries, the federal buildings at Washington, with the average buildings inspired by "individual initiative" in business which adorn our streets! Look at the latter collectively! Distorted, compressed to the narrowest, with no space for effect, with none to offer were there space to perceive it, with every line cut short at the end of its money-making power; with its tawdry best face forward, with no sides at all and an unspeakable rear; with no regard whatever for harmony with its neighbors,—compare the architecture of the competitive community with the worst of our public edifices!

Here, as at every turn, is a plain glimpse of what "individualism" means. Were not all of these buildings, public or private, the work of individuals? Is not the Boston Public Library, with the mural decorations within and the books upon its shelves, just as much the work of individuals as is any stilted down-town office-building, with

its load of ledgers and weary stenographers? Is not the entire difference this: That when the object in view is the service of the community the individuals are hired to do the best their inspiration can create; but that when private profit is the motive power the individuals are hired to do the worst which they will allow to leave their hands? Not that ugliness is itself desired; but that, unfortunately, that one thing which is hopelessly incompatible with any beauty: of heart or mind or house or handiwork: private profit, *is* preëminently desired, must be desired, upon pain of economic extermination. That is the inspiration breathed forth by every square foot of surface of our commercial streets and buildings: ugliness and selfishness; the ugliness of systematized selfishness.[18]

This is what deforms the factories, too. Poor Ruskin's soul was torn with the idea that factories were inherently and inevitably ugly and that there was so little hope of future riddance of them. But they are not. Every dollar that can be spent upon them which will improve their time and effort in production is spent upon them; because the designers, their owners, are thereby able to place the difference within their pockets. No one in authority, on the other hand, has the slighest incentive to make them beautiful: the owners are busy in town and seldom see them; the operatives have had taste and leisure squeezed out of them. Neither has any more use for a pretty factory than a New England farmer of 1840 had

18 Dr. Emil Reich, in his "Success of Nations," says: "Art, when it becomes the monopoly of a limited but governing class, instead of being the aim and object of national ambition, is doomed to early sterility. Art will never consent to become the luxury of those who can afford to pay. The combined fortunes of a dozen industrial millionaires will do nothing toward inspiring a masterpiece." . . . "A growing faction whose immunity from the cares of everyday life is due to the 'sweating' of a subservient population of peasants or fellaheen will ever remain intellectually impotent."

for a veranda. The people who do desire beauty of surroundings, who represent the taste of the community, have nothing to say about the factories.

This situation is entirely artificial. There is no economic reason, competition once abolished, why the present cost of each factory should not be repeated in efforts at beautifying its exterior, its interior and its surroundings, while the community were still richer, as a result, than it is now,—and this upon the basis of existing methods of production, too. There is no engineering reason why all the smoke, dust, noise, tall stacks and desolated ground should not be abolished. But this cannot be accomplished without coöperation. The engineers have never been called upon to do any factory-designing of any size under these conditions. When they are, Ruskin's reincarnation may rejoice in life or his weary soul rise in peace out of Purgatory. His true task, seen not clearly by himself, will then have been accomplished.

This one topic might profitably fill a volume. Here it must be reduced to a few simple statements. One factor, however, is so cogent in molding our standards of architecture and out-door art that it must receive some special attention. This factor is congestion.

Congestion. Of the original causes of congestion nothing more need be said than what has already been stated in Part I. There it was shown how purely economic forces, not of the individual and his biological tendencies but of his legally enforced relations, have made natural the growth of the sky-scraper and the paved street. These things exist for the purposes of commercial competition. So long as competition continues to exist and to return to its devotees, as it must, the maximum incomes paid, just so long will the best engineering skill of the

country, and billions of capital, be devoted to cherishing this tendency toward congestion and ugliness. In the future, if we make no alteration in our method of economic organization, it must be expected that tunnels, elevated roads and bridges will multiply; speeds will increase; improved elevators will make the fifty-story building as feasible as is now the twenty-story; flying-machines may soon add their enormous possibilities to the impulse. Under these permits buildings must inevitably become narrower and higher; the streets, already stony, gusty cañons, must become still straiter crevasses, or even tunnels, by the addition of upper stories of their own, or perhaps mere bases to air and light-shafts. Architecture as an art, already choked and discouraged, will then have departed in despair. The underlying point of all design will have become the acme of compression, congestion, distortion, into the highest possible intensity of contact between man and man, the highest possible speed of circulation.

Of such clay is modeled the popular prognostications of the future city. These pictures, of pen or pencil, appear occasionally. But they are all based upon premises which are false because too narrow. A single tendency impelled by a single force, in the ascendency for the time being only, is supposed to develop without regard to its natural time-limit of phase or to the increasing lack of equilibrium. These pictures disregard the fact that the very speed and intensity of the growth of congestion implies, by natural law, a corresponding speed and intensity of reaction from it. The congestive tendency of the present is the visible resultant of a single institution, commercial competition, which for the past half-century has experienced a phenomenal degree of unrestricted and encouraged growth. If it cannot be imagined except as continuing indefinitely in the future in unrestricted growth,

then what we have pictured must be the result. If, on the other hand, we imagine it abolished, if we observe that it is about to abolish itself, if we recognize that its natural span of life is already exceeded, its later days being already full of pain and tribulation; if we remember that there are other and more basic forces within the social configuration which are certain to resent the extreme action of this one; if we remember that barter is a pure despot, on the throne as the sovereign of our destiny by inheritance rather than by right or fitness and that the wholesome life of a community is always able to dethrone despotism, by means constitutional or by violence, whenever it may become indubitably worth the while,—if we remember all these things, then will this congestive tendency abandon its despotic sway over our imaginations and our aims.

This congestive, deformative tendency will then be replaced by a reverse process, in fact, as energetic as is the present exaggerated congestion. The sky-scrapers erected in record-breaking time will sink still more rapidly out of sight. Fifty years has put them up; twenty will suffice to bring them down. The streets will broaden spontaneously, the noise will die away, the haste that is made of waste will give way to the dignity of movement of conscious power, and the green park-germs will grow and expand until they fill all places. Streets will have given way to avenues and boulevards. Man, no longer desiring to be within clubbing-distance of his neighbor, will be content to telephone, by underground lines. The present army of stenographers and clerks, due to the infinite multiplication of accounts and of communications, a genus indigenous to tall office-buildings on cañon-streets, will have dispersed forever. The hundred thousand separate offices and responsibilities, needed for the numerous petty-officers of that vast civil strife which we call commercial

competition, will have become a thousand, or less, all the branches of a single purpose: that purpose the harmonious direction of an hundred times the present quantity of productivity. A half-dozen office-buildings, handling the communications concerned with production only and none concerning price or ownership, will suffice to replace everything now south of Canal Street,—except the few little factories, and they will have fled to Indiana and Texas, where they belong. Space and light and fresh air will be no longer at a premium; dimensions will no longer cost dollars, as now, in geometric ratio. Commercial New York, as we now know it, will have disappeared. Residential and official New York will line the Hudson for one hundred and thirty miles as it now does for thirty, and have become a park incidentally to its expansion. Man will have become free, and therefore natural, once more, and will build only what he enjoys building and living in and looking at; he will no longer be tempted to build what he is hired, as a tool of a despised master, to throw off for the sake of furthering commercial competition. The sheet-iron cornices in imitation of marble masonry will have followed the frantic advertising-signs, into oblivion.

What will it all be, in detail? That each one must answer to his own best light. Pick up your best examples of free, inspired architecture! Look at the public buildings which we feel, even now, shelter but improperly the dignity of our community-life, fragmentary as it is! Turn to any federal, state or county capital for reply. Look at the World's Fair buildings, designed for the fame and the glory of work well done, in pure emulation, but not for money, not in competition! Think of the national bazaar which future days must see grow up in each of our cities, wrought in marble, to the glory of the flag for all time, as they were there done in staff! Think of

Grant's tomb and the Palisades Drive, with the vista of the Hudson for a background! Imagine our public parks and monuments all become free to grow, cherished by our best pride and endeavor, now no longer absorbed in barter! Draw from your best memories of Windsor, of the Champs Elysees and the Arc de Triomphe, of Heidelberg and the Wartburg as they once were, of the Acropolis, of the Taj Mahal, of any masterpiece of human monument where environment has been fully utilized to bring out the beauty of architecture! Turn from these to the Congressional Library at Washington, or the Boston Public Library, whichever tendency you prefer! Place behind the human aspirations visible in all existing art that combination of American skill, energy and devotion which is now absorbed and expended in organizing commercial warfare! Let the whole thing grow, for fifty years, as the steamboat and the electric spark have grown in the past hundred, as commercialism itself has grown in the past fifty years! Go back to your father's childhood and ask the world what will the railroad be and what the western limit of American civilization in 1900! Let the magnitude and the irresistible power of future expansion which these things suggest to you be a measure of what will occur very shortly to all in which we now rejoice as beautiful, of parks and boulevards and dwellings: the reversal of all congestion. Such expansion will then have become a fact, with as little regard to present popular opinion concerning the probable or the possible as have the transatlantic steam-ferry and the American Philippines.

Is this a dream? Is the trolley-road, greatest factor in present urban configuration, a dream? Thirty years ago it was merely a dream. Ten years ago it was widely questioned. Is slavery now a fact? Fifty years ago it was

called the institution of the ages, founded upon the Bible, stable as the eternal hills, its abolition a dream. Is the abolition of barter a dream? Why, it is already a race between all parties to see who may most quickly kill all horizontal competition. Only the vertical is left, practically. Science and invention contribute daily to the links between the industries which knit them too closely for further competition, which whet emulation by bringing men more closely side-by-side instead of face-to-face. Every man in business throws his best strength against horizontal competition and toward consolidation; into pool, trust or agreement if the law allows; into still firmer consolidation if it does not. Already are the people beginning to exterminate vertical competition by their votes: for governmental coal-mines, for municipal light and heat, for downright socialism; not fast enough to parallel the growth of barter at the hands of the barons of industry, who are urging it toward a tottering instability faster than can all argument, but enough to disturb the conservative press and the political platforms. Competition will be gone from us, by natural gravitation through invisible pores, as of water through sand, before we know it; but if not, then it will be gone by national surgery, in relief of cancer. Whether we love it or whether we hate it, whether we be socialist, anarchist or conservative politician, merchant prince, financier or day-laborer, our every act drives daily on the car of progress toward the fatal instability of the present system, away from commercial competition as an accepted public institution and toward the recognition of the only alternative: universal emulative coöperation as a national principle.

In all these and in less tangible, indictable ways does the instituted method of determining price and ownership

by barter undermine the moral and æsthetic standards of our community-life. The big flaws can be listed and arraigned. But what can be said of all the little ones, of the thousand-and-one ways in which the ethics of the market have invaded and perverted our daily lives?

All social intercourse is ruined by it. The men are too tired at night or too much "upon the road" to enjoy even their own family-life, not to mention any true community of mind and soul, could they get it. But they cannot get it. The whole social code is turned over to womankind for direction, and woman is one of man's ribs: if he makes comparative advantage of individual over individual the criterion of all material worth, of all permission to live, how may she do otherwise? How may her social functions be designed for other than purposes of comparison? Is it not inevitable that her every dinner or at-home, or even each little afternoon-tea, must be one degree more elaborate, more "recherché," than that of her neighbor and rival, or her husband's competitor's wife, or it is worthless? Must she not be careful to choose her guests to the promotion of her husband's "interests"; or if she chooses some whom she really likes, can they come, not being able to wear a new gown? True wife, her very devotion leads her in the footsteps of Eurydice, downward, into the odium of systematic comparison. It is but natural, under the conditions, that her friends cannot be cultivated by her because they are worthy so much as because they possess wealth and power, dress well, entertain "well" and succeed in snubbing a little more generally and relentlessly than she. There will always be the fops and fools in the land, the Lord knows, but is it nothing to the detriment of our civilization that to the fops and fools should be artificially accorded the means for the preferment of the ostentatious to the beautiful; and that

to them should be added so many others who, wishing to be true and right, yet cannot afford to drop behind in the race for display? Is it not a national mistake of consequence that to those who reject from their lives all but the true and the beautiful and the considerate must be lost at the same time all right to that leisure and material competence which alone permits true social intercourse?

At every turn of life the insidious poison of barter disfigures and annoys. It is not alone that it maintains our slums and Tenderloins, creates our Iroquois Theater and "General Slocum" horrors and fills our political machines and prisons. In each moment and each minor way of life its ugly inconsiderate spirit can be detected, as the guiding one of life-conduct, in its work of undermine and desecration. It is barter which crowds our street-cars and gives us hideous inanities of advertisement to gaze at as we ride; which impudently tosses unrequested joke-books and caramel packages into our laps; which orders us to "step lively there!" and fills our public places with barbaric confusion and cynical discourtesy; which fills the periodicals which it sells with two-thirds blatant advertising-matter and one-third silly pastime reading-matter, if no worse; which peoples our Babel-streets with shrill-voiced precocious newsboys and hoarse-voiced untutored truckmen; which overloads the wagons and forces the gaunt specters of what might be proud horse-flesh to share the cruel strife of the masters; which harnesses us in what Walter Crane calls "tubular" clothing, most efficient for expressing the alertness of the gladiator, as fit for the expression of truly civilized, cultivated taste in dress as is plate-armor; which chooses for us our slang forms of speech, indicative ever of the jauntiness of the boxer; which ruins our teeth and our stomachs with hasty eating and adulterated foods, arraying the quick-lunch patrons

along the counter; and the horses with their nose-bags along the curbstone; which cherishes alcoholism and desecrates our privacy by means of patent "medicines" and their advertisements; which keeps the peripatetic book-agent in circulation and hand-bills our doors; which denudes our forests and ruins our climate; which puts our outward aspect, between the natural beauty of savagery and the cultivated beauty of true civilization, in the position of Kipling's raw recruit, who "had lost his gutter-devil and hadn't found his pride." It is barter, ever present in spirit as well as in deed, which has driven away from us, as a nation, all patience with the art that is longer than life; which declares all painting worthless which does not catch the eye with novelty of style and every note dull which is not played *tremulo;* which dictates for us our long hours and concentrated form of work and the hurry of our recreations, poisoning our every indoor moment with comparisons of worth and our every out-door breath with comparisons of speed; which forces us all to choose between being irritable critics or wearied cynics; which makes nervous breakdown our national disease and spreads over the land a network of well-filled sanitariums; which forces us, at every turn of our over-intricate life, to choose the strenuous while preferring the simple; which, and not democracy, has robbed us of the stately courtesy of older and unsold days, when men had time to live; which casts over every line of the divine picture of true success in life, of life properly one glad sweet natural song, a tinsel curtain whose woof is external ostentation and whose warp is concealed antagonism. For such is the philosophy and the fact of barter, when legalized, operated and worshiped upon a national scale.

VI

CAPITALISM AND LABOR

"We impute deep-laid, far sighted plans to Cæsar and Napoleon; but the best of their power was in nature, not in them."—EMERSON.

"In my present position I could scarcely be justified were I to omit raising a warning voice against this approach of returning despotism. It is not needed or fitting here that a general argument should be made in favor of popular institutions; but there is one point, with its connections, not so hackneyed as most others, to which I ask a brief attention. It is the effort to place capital on an equal footing with, if not above, labor, in the structure of government. It is assumed that labor is available only in connection with capital; that nobody labors unless somebody else, owning capital, somehow by the use of it induces him to labor. . . .

"Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration."—ABRAHAM LINCOLN, December 3, 1861.

IN considering the ethical aspects of the relations between capitalism and labor three fundamental facts, amounting to principles, must be kept carefully to the fore, viz.:

(1) That the pressure upon the individuals involved upon either side, but particularly upon the labor side, *comes not from the individuals on the opposing side, but from the nation's general burden of barter;*

(2) That it is enforced by law and public opinion, and is avoidable by either side only to an insignificant degree;

(3) That it always and inevitably starts with labor in a position inferior to and dependent upon capitalism.

When a difference of opinion as to wages, hours of labor, etc., arises between an employer and his men, those directly party to it cannot be expected to see it otherwise than as a purely personal and local question. Any interested onlookers who may take sides with either party are naturally prone to do the same. With those at a greater distance, however, with the students of sociology, the editorial press, the legislators and the arbitrators, such an attitude is not permissible. There should be no difficulty on their part in forgetting the personal aspect of the case and in recalling the true breadth and depth of the situation.

Indeed, of such vital importance to the entire community is justice of attitude toward this tremendous question that it may be urged that no man possesses the right to speak publicly upon it until he has mastered the fact and the spirit of these three fundamental principles. They are always operative and effective, and must always constitute the starting-point for any consideration of the case.

The principle first stated is the most important. It may be true that avarice or tyranny, or their opposites, might still animate any given set of employers or laborers, and cause friction, were both free from all irritations extraneous to the local question between them; human nature is to be expected to be imperfect under the best of conditions. But even so, its magnitude compared with the present intensity of combat would be insignificant. For the friction arising may be safely assumed to be pro-

portionate to the sum involved in question. Now the increase in purchasing-power for which, or the decrease against which, any strike is commonly inaugurated seldom exceeds ten per cent. of the prevailing rate of income. It is usually much less, in reality. This is, therefore, the total amount by which the situation of the laborer could be ameliorated by a complete cessation of all bargaining upon the employer's part, or vice versa. But the trouble with the laborer is not that his purchasing-power has been depressed ten per cent. below his productivity by his employer's refusal to give him that ten per cent. *The trouble is that his purchasing-power is currently depressed below his productivity, until it amounts to only thirty per cent. of it, by the efforts of every man in the country who is engaged in influencing prices or market;* it is because the cost of the entire volume of barter throughout the land is charged against and deducted from his productivity, to the deterioraton of his purchasing-power. It is against the unconscious antagonism of this myriad of utter strangers that his endurance is pitted, not against his single visible antagonist, his employer. It is because the harm which is done his purchasing-power by this army of outsiders is at least from ten to twenty times as great as is that involved in his relations with his employer, seventy per cent. compared with a paltry three, that the situation is hopeless of peace. In other words, his average wage amounts to but thirty per cent. of his productivity. Feeling its insufficiency, he strikes for a ten-per-cent. " raise," to thirty-three per cent. of his productivity, or in protest against an equal " cut," to twenty-seven per cent. of his productivity. But before the discrepancy between his productivity and his purchasing-power, and hence the discontent in the situation, can be wiped out, his wages must be increased by some sixty or

seventy per cent. of his productivity, or by some twenty times what he is striking for. And usually a ten-per-cent. raise or cut is all that is involved in dispute. Therefore, *the utmost avarice on the part of the employer can aggravate, his utmost generosity can ameliorate, the loss which causes all the friction between capitalist and laborer by not more than one-twentieth.* That is why, in a nut-shell, the most liberal of employers still have strikes, while the meanest of them are still able to retain a laboring force about them.

No words can properly emphasize the essentiality of a grasp of this truth to a fair understanding of the situation and its ethics. The attitude of the laborer is most naturally that of one robbed of seventy per cent. of his just dues. He could not state it in figures; he could not explain the forces at work to produce it. But he feels it, in his daily life, with a moral certainty which, when integrated throughout the millions, throws labor's attitude into the light of the most wonderful patience and moderation rather than of the hasty avarice and tyranny which is commonly ascribed to it by the superficial observer.

The employer, on his part, is not conscious of having inflicted any such heinous wrong as the robbery of seventy per cent., if indeed he be conscious of having inflicted any robbery at all. He is not only not taking a seventy per cent. which can be visibly, definitely computed as deducted from the laborer's net productivity, but not even the ten per cent. which is admittedly under dispute may be classed, to his opinion, as such. There is no known system of consistent economics by which, under the present plan, the net productivity of the laborer can be calculated and from which, as a basis, the laborer can be said to be getting too much or too little. It is an accepted

idea that labor, as well as the market, is to barter for its price and to get as much as it can. The fact that the same minds at the same time hold the quite incompatible idea of there being a naturally "fair wage" does not disprove the proposition. The same people commonly speak, in successive moments, of the "fair wage" and of the divine right of every man to "get his price," meaning all that he can get, just as if the two ideas were not hopelessly inconsistent. The law, for instance, declares that there is such a thing as a "fair" cab-hire, and therefore makes it an offense for the cabman to bargain for more. The law does not hold, on the other hand, that bargaining for the best wage-rate obtainable in other lines is an offense; and it has therefore consistently refused for years to recognize any such thing as a "fair" minimum wage for general classes of labor. So far it has been consistent. The inconsistency of its attitude toward cab-fares and postage-stamps, on the one hand, and toward the prices of all other sorts of labor on the other, it has never attempted to explain.

The attitude of the laborer is very naturally one of grievance, therefore, and that of any just-minded person in the same situation would be the same. The attitude of the employer, likewise, is very naturally one of conscious rectitude, and such would be that of any just person in *his* situation. The obvious inconsistency between the two is not to be reconciled or understood, by the most thorough of observers, except by the light of the foregoing analysis of the cost of competition. Until this be grasped by the majority of the people and the source of all the irritation removed by their conjugate action, laborer and employer cannot possibly cease their bitter strife. No amount of generosity on either side, no amount of fair-minded arbitration from without, may possibly

be expected to more than slightly ameliorate the friction, —to veil the sparks and conceal the heat, as water does on grinding bearings, without accomplishing effective lubrication.

But such an ideal condition of extreme generosity on either side, or of a perfection of arbitration from a disinterested (and therefore unconversant) audience, can never be practicably hoped for. The second principle stated at the opening of the chapter must ever be active. Given: the agreement between all parties, those without as well as those within the action in any case, that the only way to settle upon the proper figure of average wage for any sort and amount of labor, under any given conditions, is by barter, is by a trial of strength between those awarding and those receiving the wage,—given these premises and the law of equilibrium ensures that between the two parties must currently occur that maximum amount and cost of contest, in the shape of strikes, boycotts and lock-outs, which the two can bear without preferably ceasing contact altogether.

That the premises are actual hardly needs argument. There is no more rigid unwritten law in the land, at present, than that the average wage is to be settled only by barter. If it were only recognized that there *is* such a thing as a naturally correct wage, although it would still leave open the great question as to how to determine what it is in any case, there would yet be hope of peace. But the very privilege of holding aloof from any reference of the wage-question to natural law, even when it is suspected to exist, the freedom to refer its settlement to individual contest of individual might, is regarded as one of our fundamental political rights, to be defended as a sacred thing. Even the substitution of compulsory arbitration, equivalent to trial by jury, for the duello

called competition, is so widely resented as to be impracticable,—as it must naturally prove to be from other reasons.

This process of settlement by duello being fundamentally in the premises, it follows that the process called "charging all the traffic will bear" must apply just as relentlessly against the employer in his competition with labor as it does against the consumer in his competition with the employer or the capitalist. It is axiomatically inevitable that each party to such enforced strife should push his contention to the point where further gain therefrom will be counterbalanced and absorbed by the cost of contention incidental thereto.

But at the other extreme,—supposing existing peace between labor and employer, the negotiations not yet begun, but with the wage-question open for settlement by barter,—this net gain would be very far from zero. The fight once declared on, any slight activity of offense, from either side, will always bring in a return great in proportion to the cost. Therefore, the profitableness not only of resistance, but of aggressiveness, will quickly become obvious to all parties. Some considerable exertion of it is inevitable.

Indeed, this can be proven by *reductio ad absurdum*. For let it be supposed that either side fails to contest the ground. If that side be labor, the pressure from above will quickly reduce it to that degree of depression that the resultant brutalization (see page 419) has been sufficient to make it resist and combat. If that side be the employer, then will the pressure from below quickly elevate wages to such a point that the peace-loving employer can no longer compete with his less conscientious and more combative neighbors; and the effect of avarice upon human nature will always ensure that there are some

such. Either the matter will pass into the latter's hands, to the extinction of the former, or the original employer, brutalized by the same excess of pressure and worry which was before imagined as applied to peace-loving labor, will alter from neutral to combative. Hence, combat will ensue.—Q. E. D.[1]

The forces thus pictured in extreme, .to prove the necessary existence of combat, also prove that its average intensity will be determined, as stated above, by each side suffering the maximum cost of contention: by labor's undergoing the minimum starvation-wage and the maximum proportion of unemployed time, by the capitalist's endurance of the maximum disturbance by strikes, lock-outs, union-tyranny, etc., which will permit him to remain, on the average, profitably in business. The law of fluid equilibrium in economic activities declares that this intensity of combat accompanying a given volume of labor cannot depart far from the aggregate proportion of barter to production in the entire industry or the entire community. In any individual case the departure of intensity of combat from the average will be determined, of course, by local conditions. But such departure will always be small. Here and there some concern will be found enjoying almost perpetual peace. Occasionally will be found others which seem to be always in hot water. Neither are frequent. Absolute peace is, I believe, quite unknown.

The detailed fact which determines this relation is the fluidity of labor in its transfer between one industry, or one employer, and another. There are, of course, resist-

[1] This demonstration is respectfully dedicated to those who revere both their Euclid and the competitive wage-system; who call for peace between labor and the capitalist, where there is, and can be, no peace. The class is by no means either small or mediocre, and the reader may feel no shame in finding himself in it and, with it, in the wrong.

ances; the fluid is viscous. In skilled labor trades cannot be disregarded. Even in unskilled labor the removal of the household is a serious obstacle to the free search for the betterment of employment,—a factor which was made good use of by the employers in the famous Homestead strike. But in general it may be accepted that labor flows naturally to the point of best wages or pleasantest work. Hence the rate of wages for a given grade of exertion is practically fixed over large areas of country. The thing which fixes it is the starvation-wage, depending upon the accepted minimum standards of life. The reason why wages are higher here than in Europe is because the American laborer will not tolerate the grade of life which the European will accept. In this sense, and this only, does our higher standard of education raise wages. The higher average individual productivity in America, affording a larger aggregate volume of wealth for distribution, is an effect, and not a cause, of the higher wage. Native American labor is racially more effective than European; but the fruit of its efficiency is not greater wages, but more barter, than elsewhere. (See page 257.) For the primary characteristic of economic Dissipation: that it tends to grow indefinitely, absolutely without limit, ensures that, however great may be the available volume of wealth distributed, economic dissipation will absorb of it all which is not necessarily left over for labor to persuade it into continuance of production. It would absorb still more, reducing American labor to the level of European, were it not for our higher standards of individual freedom and comfort, born of the virgin continent and cherished by our every tradition of patriotism and liberty, leading to stouter resistance to its encroaching demands. It is this resistance alone, organized into systematic expression by the trades-union

and the strike, as tyrannical as was the colonial army of independence, which keeps wages up. It is the scab and the strike-breaker, aided by the man who urges upon labor lower standards of living, which alone keeps them down.

Therefore, when any employer finds himself in contest with his employees, let him remember that he is face to face, not with a paltry handful of men, or a few hundred, or a few thousand, but with the seried ranks of the whole deep-chested class of American workmen, twenty-five millions in number,—the class which makes Theodore Roosevelt "proud to be an American." He cannot depress wages, or lengthen hours, or exact conditions from the skirmish-line with which he is in parley, except he can enforce them against the entire body of the army.

The same is true of the employees: they cannot permanently secure better wages or shorter hours or greater freedom except they make themselves effective against the entire class of employers, by national harmony of action.

But beyond this, and much more important, is the fact that both of these great bodies of citizens are coerced by the presence of the tyrannous institution of barter, a devil unconsciously harbored. The employer, as he hears the muttering of discontent, is threatened by a broad and inevitable consequence of the reduction of the purchasing-power of the millions by the costly presence of his and his colleagues' dissipative competition. It is not his own antagonism, visibly directed against his employees, which irritates them; it is that directed against his commercial competitors and his consumers, lumped with its parallels all over the land, which robs them of their independence, of two-thirds of their rightful purchasing-power, and constitutes the true source of their discontent. He is not dealing with individual men, nor with individual passions, nor

with theories; he is in negotiation against a soulless, unfeeling, all-absorbing instituted fact, enforced, in unconscious unity of action, by seventy millions of people, by the national maintenance of commercial competition; administered by activities like his own, contentious and grasping, but of which his own are but a microscopic part; the fruit more of his efforts against his peers, his competitors and his consumers, than of his efforts against his employees. He need not be irritated by the actions of his men; they are but expressing the inevitable biological reaction against the presence of this evil. He need not hope to prevail against them, except as he may ameliorate the condition of all labor by the restriction of all free competition, horizontal as well as vertical.

The men, on their side, need also to see his helplessness to better matters. While the employers are the individuals who happen personally to conduct and oversee barter, and are therefore more guilty than are the public, yet they are responsible chiefly as a unit-body and as individuals only as the guides and models of American public policy. Obvious individual avarice may always be publicly condemned and resented to advantage; but the avarice of the individual would be impotent to harm were it not backed by the united avarice of the country, organized into the legal support of barter.

These, then, are the first lessons to the average citizen who condemns strikes:

(1) That the settlement of wages by barter, which he supports, makes inevitable a certain intensity of barter in the form of strikes, etc.

(2) That, however much the community of laborers may lose in any one instance by striking, in wages lost, the general *rate* of wages for the entire laboring class is always higher as the proportion of strikes increases.

Already at the starvation-level for a certain portion of the community, and below it for another, the average wage would be less, the proportion of bargaining to productive effort in the community would be greater, and, in consequence, all of the social ills listed in this volume would be greater, were it not for the strike. Therefore the striking workman is unquestionably a public benefactor. He stands as did the Boston Tea Party, in the attitude of earnest protest. The significance of his immediate action may have as little relevance to the radical question at issue as did theirs. He may get as little credit for sense or patriotism as they would have gotten had the War of Independence failed and we still continued subjects of England's king. He at least calls lazy public attention to the fact that something is wrong. By his courageous, if blind, stand he does what courage always does: keeps matters from being worse than they otherwise would be. Wasteful and inefficient as it may be, as all revolt must be, the strike is the only means, outside the ballot, which we have left in the hands of the wage-earner for maintaining his income. Increased diligence or skill will not affect the average wage one iota. And as for the ballot, it is the capitalist alone who has undermined its efficiency, by his corruption of our public offices and his purchase of votes, until he has driven labor from ballot to strike, until it has now become a fact that our best reliance for the purification of the ballot lies in a reform of our economic institutions, rather than the ballot itself being an effective means for the purification of our politics.

(3) That the total cost of such strikes is determined, not by the vindictiveness of the contending parties at all, but by the proportion of barter to production in the land. To the great majority of the readers of these pages it

may be said that they are individually, in the prosecution of their daily business, doing all in their power to increase this proportion.

(4) That arbitration is utterly futile as a solution. Voluntary arbitration serves the same purpose as an armistice in war: gains time for sober second thought or for more thorough armament. In neither case can it permanently affect the bitterness of combat, because it neither touches nor remedies the original cause of combat. Besides, it is an attempt to arbitrarily invade the natural law stated in paragraph 2; neither side is going to agree to arbitration so long as it feels that greater gain can be made for its own side by the fortunes of war.

Compulsory arbitration is too unnatural and inconsistent a compromise to ever serve even a temporary purpose. It constitutes a complete reversion from democracy to despotism.

Taking, then, the strike as an inevitable institution, the normal relation between the laborer and the capitalist is one of war. Because this statement may even now appear to be extreme and untrue it is to be supported by the following, needing no qualification: That even where the relations between the capitalist and the laborer are apparently perfectly amicable, inherent antagonism of interests exists; *for antagonism of labor's interests, by the extraction of interest and dividends, is the sole object of the existence of capitalism.* No man would care to own capital (as distinguished from money) were he not permitted to draw interest upon it, and all of the interest which he can force labor to give up to him, too.

Between workman and workman there is always naturally harmony and coöperation. Between labor and the capital itself, the inanimate tools which he uses, is the

same. So is there between labor and the consumer. These naturally harmonious relations are occasionally broken, of course, by individual contentiousness or by misunderstanding. But the natural relation is one of harmony.

Between labor and the capitalist, however, the antagonism is natural and inevitable, from the very nature of capitalism. This antagonism must not only naturally continue to exist so long as capitalism exists, but it is desirable that it should. It is as natural and as wholesome as was the antagonism between the colonists and the British soldiery in 1775. It would be equally a catastrophe for the country, in either case, if it should supinely cease. All hope for the removal of the evil would then be gone.

To rightly understand the problem before us, and our words about it, there must again be brought prominently to mind the wholesale distinction between capital and capitalism. The capital which labor needs for its daily task is that of machines, tools, buildings, etc. With these it must always be in the closest and most harmonious contact possible,—properly much more so than is now the case. But of the capitalist it makes no use whatever, nor of his capitalism. The "capital" which the capitalist recognizes as such, and which the public commonly refers to as being such a boon to labor, the stocks and bonds and similar paper securities, the mere legal control of capital, is not capital at all, but capitalism. It is this legal control for the purpose of imposing the tax called interest which alone brings the capitalist into contact with labor as its "employer" and with the consumer as its "purveyor." But the consumer is the sole employer; labor is the sole purveyor. Capitalism has nothing to do with either, except interference. It is not because Mr. J. P. Morgan

is fond of navigation or takes pride in increasing his community's welfare on the high seas that there is a steamship " trust." There is not a sea-captain afloat sufficiently skilled or enthusiastic in his profession to step thereby into Mr. Morgan's shoes; the best of them, held responsible for thousands of souls and millions of dollars each trip, ready to give up their lives for the service which they rightly perceive to be a public trust, get $3000 per annum. The " trust " exists because ocean-transportation was at that particular time open to legal control and consolidation by individual initiative for no other purpose than private profit. It is not because Mr. Rockefeller " just loves " petroleum that he has amassed the Standard Oil interests. It is because the law encourages these and all gentlemen to sit in their offices, with paper securities in their hands, never seeing a steamship or an oil-tank, and to wage economic war, by wire and by mail, against their competitors, their labor and their consumers, controlling the price of their own for each, that there are such things as trusts. To confuse the idea of " capital " as these men know it, of mere paper securities and lawyer's processes, with that of " capital " as the laborer knows it, with the tools with which the world's work is done and which he wields in doing it, would be childishly absurd were it not so cruel.

Between labor and the capitalists who pretend to be its employers, therefore, is naturally and inevitably war, of a certain degree of intensity. For war, complete enrollment and organization and the most thorough discipline are absolutely necessary. For the first, volunteer action failing, the draft has been relied upon and excused in all lands and at all times. The persecution of non-union workmen and strike-breakers is simply this; nothing more. The labor-unions have been forced, by the intensity of

vertical competition with capitalism, to eliminate horizontal competition between themselves of a suicidal sort, to quell dissension within the ranks, to adopt drastic union. In order to avoid slavery they compel union. In 1861 we did the same, even to the extent of ample bloodshed, raising monuments since to those who volunteered their aid in the compulsion, offering scorn and the draft to those who held back in the name of the freedom of the individual will. Between the scab and the copperhead the difference is insignificant. Strange that we should now regard the same processes and attitudes in so altered a light! Is there not need for more deliberate reflection before condemnation of the union workmen for the violent coercion of those who belong, by nature or by choice, to the class which is struggling for its existence and its rights and who yet will not join in its defense? Is there not need of reflection upon the days when the question of union or no union was last before the people of this Republic as a national issue?

If the laborer who refuses to enlist in the defense of his class-rights is false to his duty to his own especial community, so is the capitalist false to the interests of capitalism who refuses to contest matters with labor. There is not sufficient evidence to say, broadly, that all generosity to labor from its employers has led to an increase of strikes; but there is, on the other hand, a strong probability, with not the slightest evidence to the contrary. The current instances of the most liberal treatment of operatives, such as at the works of the National Cash Register Company, of Dayton, Ohio, contribute to history their quota of strikes. The strike is evidence of discontent: sometimes mistaken, usually wholesome. Nothing will engender discontent like charity: things given, presented, more or less condescendingly, with the control

always retained in the other's hands, although already owned by the recipient by right.

Moreover, the capitalist class may win by strikes. The individual employer attacked of course does not usually win, but his class does. The capitalist lives upon the principle of dog eat dog; he who has given his strength and time to fighting labor nearly always finds, when he has finished, that his competitors have taken advantage of his preoccupation to strengthen their own position, if not to actually "slit him up the back." [2]

But very often even the capitalist attacked wins thereby. The strike so enhances prices that he himself wins greater profits by suspending production temporarily and selling off his accumulated stock. But in this case he arouses, slowly but steadily, the only enemy of whom, because unorganized, he has now no fear but who alone really holds danger for him: the consumer.

Herein lies the final proof that the relations between labor and capitalism are necessarily those of irreconcilable war, that the contest is one to be terminated not by capitulation or compromise from either side,—that has been tried repeatedly,—but by extermination, not of individuals, but of institutions, of capitalism. There is no solvable issue between capitalism and labor, to be settled finally by arbitration or by other means. The issue is one between war and peace. It is solvable only by the survival of peace over war, and this survival is to be decided only by the sole rightful sovereign of the industrial world: the consumer. It is he who employs both employer and employee; it is his money which pays all wages and all dividends; it is he alone who can end the guerrilla warfare between capitalism and labor, as summarily as any superintendent would quell a free fight over the machine-tools

[2] The terms win and lose are used here in a comparative, not an absolute, sense. The community as a whole always loses by strikes.

in his own shop. As surely as history repeats itself most of us now living shall see ourselves, every one of us, consumers all, drafted by constitutional law into indissoluble union with these same trades-unionists and capitalists, millionaires, walking-delegates and tramps, into an organization coincident with the limits of American citizenship, for the primary purpose of abolishing, in law and in fact, that civil strife which may all be included under the name of barter.

That the demand for this abolition is already upon us, voiced in no uncertain tone, from a million different throats, in a thousand different ways, confusedly, seeing but dimly the proper substitute or the ways and means, seeing all too keenly the vital need for one, it were well for the prudent now to recognize. The demand is unanswerable. Homœopathic remedies, curing competition with competition; temporary stimulants, in the way of tariffs and subsidies; vain compromises with evil, of governmental commissions or public control:—compare the utmost which they may hope to accomplish with the magnitude, the power, the ubiquity, the supremacy of barter! They avail but to delay the issue, aggravating it meanwhile. They in no wise aid, they fearfully hinder, its settlement. It is neither the disease nor the cure which is going to be the most expensive to the community; it is the present cowardly delay in sober diagnosis and in prompt attack.

That is all there really is to the ethics of employer *vs.* employee. That each should wage his war broad-mindedly is of course desirable. But whether one or the other be wrong in any particular case matters nothing at all, in the long run. These battles between capitalism and labor are exactly like the wars of the Middle Ages: interminable, indecisive, accomplishing apparently nothing at all;

accomplishing really the all-important: the elimination of the idea that the interests of a minority are to take precedence over those of the country as a whole, or that fighting over them at all furthers matters. In past history when that was done, when England had become England and France France, then came the renaissance. Only when a certain degree of political unity had been attained could individuality arise. Then the known world opened, in a century, to twenty times its previous expanse, geographically and metaphorically. So shall it be in this second renaissance, now almost upon us, when it is finally discovered that fighting over private profit does not pay; when the consumers find that the nation is a unit, after all, not to be distracted by schism into factions with opposing pecuniary interests, and that they are it. Things happen more quickly now than they did then; a decade of the second renaissance will enlarge our vision more than did a century of the first.

So it matters nothing at all how employer regards employee, or vice versa. But it matters everything in the world, for the fate of the nation hangs thereon, how the consumer looks on and regards this fight over his business with his money. The capitalist, for one, has no right to sympathy. He is fighting for life, to be sure, but for a life of luxury and in a fight purely of his own making. Men of his class, which nullifies the effectiveness of the ballot by campaign-contributions, by the retention of a lobby or of "influence," or by bribery, can find little ground for complaint when the oppressed turn from the ballot to the strike, to the boycott or to revolt for relief. So award the sympathy, if sympathize you must, to the men who are fighting for life itself, in a fight not of their own making. But place your judgment and your ballot against the entire fighting plan, against all barter as a legalized national institution.

VII

FUTURE PROGRESS WITHOUT POVERTY

HITHERTO these pages have been devoted to the analysis of existing facts. It has been no purpose of this book dogmatically to predict future evolution, except as it may become obvious from a study of the forces which are at present molding society into what we find it to be.

This attitude is necessary primarily because one of the fundamental popular errors in regard to social evolution is that it exists only as a result of previous individual evolution, and therefore, that any attempt at its furtherance by deliberate alteration of social institutions is either futile, if unaccompanied or preceded by such individual development, or is unnecessary if so accompanied; in short, as is frequently asserted, that "you cannot legislate people good."

If the reader of the preceding analysis has perceived aught of general sociological principle between the lines,—or in them, for that matter, for there has been no desire to conceal,—he has perceived long ere now that the book stands for the directly opposite view from this: that it both rests upon and supports the general evolutionary law that each form of life *is created by,* not creative of, its environment; although the reaction from its growth may subsequently affect its molding environment. Hence, *there is no hope of altering human individuals until you*

first alter man's most active environment: the artificial institutions, customs and laws through which he is related to other men, which he himself has created and which he alone can modify or destroy.

For instance, it is commonly said of the plan for equally dividing all wealth between all individuals (which no sane person has ever proposed), and in proof of the power of individual greed over the distribution of wealth, that the result of human nature in contact with such premises would be to regain promptly the present inequality of distribution. That is true, *if existing institutions, including barter, were to remain unchanged.* But, what is more important, that statement can be rigidly paralleled by this one, also true, because the dependency of individual physiognomy upon environment is complete: If all the individuals of the world were suddenly transformed into perfect angels, yet still subject to worldly organic law, and provided that *their angelic dispositions found no expression in the alteration of existing institutions,* inside of one or two generations *the distribution of individual morality and intelligence would be just what it is to-day.*

It is no strange statement in evolutionary law that a form of life too highly developed to harmonize with its environment will degenerate into equilibrium with it, or else become extinct; as easily, and more so, than a form of life too low for its environment will develop to or be survived by one more highly fit. Equilibrium is attained by degeneration down to fitness to survive when the environment is more primitive than the existing life, just as much as it is by growth upwards into fitness to survive when the environment is more advanced than the existing life. Indeed, the former is the easier process.

At present the institutional environment of civilized existence is far more primitive and rudimentary than is the

life which springs up amidst it and degenerates down to it or dies. Our institutional environment consists of a mixture of Phœnician commerce, Roman law and medieval feudalism. Not a single portion is modern, no part has been deliberately designed by the intelligence to accomplish its purpose, except our plan of political representation; and the outlet which this last has offered for growth in one direction for over a century is just what has made so painfully evident to our sensibilities our incarceration in other directions.

Such a degeneration as that just supposed to take place in a world-population of angels would consist of nothing more than being "legislated bad." Our imperfect human statutes and the unnatural relationships which they enforce would throw too many economic obstacles in the way of the survival of the true angels and would offer too favorable a chance of survival to the sporadic degenerates exhibiting traces of selfishness; for to the most selfish these statutes allot the maximum material prosperity. This process of legislating people poor and bad is so extremely active to-day that this book has been devoted to an estimate of the extent of current human want, wickedness and sorrow for which it is responsible. Therefore it is axiomatic to place in the premises of our economic synthesis the statement that just so far as we found that any institution, such as barter, legislates people poor, its reversal or abolition will legislate them into competence and comfort. Our ethical synthesis will be built upon the similar moral that just so far as barter artificially induces people to be wicked, its abolition by law will truly "legislate them good."

No skeptical worshiper of the supremacy of the individual soul need reject this proposition. The supreme soul is subject on earth to limitation by earthly surround-

ings. This "legislating it good" is not forcing it to be good; it is merely permitting it to be good, to grow into goodness, by forcibly preventing the wicked from slaying its body,—whereupon it proves its divine origin by growing better and better on earth instead of in heaven. No agnostic worshiper of Natural Law need reject it either. It merely urges the modification of our now faulty statutes into coincidence with the natural law of all human, as well as all inanimate, relations: mutual gravitation into coöperation and unity of method.

In short, it is plain that if these antagonistic and destructive institutions of ours can be abolished, if the natural human gravitation toward coöperation and specialization can be freed, if conditions can be maintained which will ensure the operation of the Law of Increasing Returns, the supply of the necessaries of life will increase more rapidly than the population; the race will prosper and progress in geometric ratio as it multiplies. This is quite in accord with natural law and with human hopes. The Creator shows plainly, in a thousand ways, that man was not placed upon earth to enjoy idle ease and freedom from pain. He has shown just as plainly, and has implanted at the very bottom of the human heart the recognition of the fact, in the form of a hope that never dies, that man is not here condemned to a struggle with the elements so futile that with the physical comfort which he seeks in vain is also lost that faith in man and God which alone can melt pain away into paradise. What bodily pain we feel may come from either man or God; but the torture of the soul which far surpasses that, the sting of malice, of injustice or of ingratitude, the bitterness of Gethsemane, comes alone from the cruelty of man to man.

This ignorant injustice, in our economic studies, distills down to a residue of rigid formulæ. It is when these con-

ditions which ensure the operation of the Law of Increasing Returns are neglected, it is only when antagonism is artificially forced upon the masses, in pure ignorance or in unenlightened selfishness, that the growths of population, prosperity and civilization alike are stunted. Then does the "surplus population," grim jest upon the deficit in population, upon the unborn increase which should have been but could not be, make itself known,—the skeleton guest at the nation's wedding-feast. "War, pestilence and famine" offer their heroic remedies, prescribed in the name of innocent Malthus. Crime, insanity and suicide, the modern representatives of this famed family of executioners, set feverishly to work, under the inspiration of their ancestors, to clean the Augean stables of the race of this quivering surplusage of human refuse,—which enters and accumulates by the barter-window faster than it can be heaved out at the door by the most strenuous exertions at production, at charity or at extermination.

These conditions essential to increasing, or even continued, prosperity are:—

(1) SPECIALIZATION, so far as productive industry is concerned, to the last degree;

(2) COÖRDINATION the same.

For complete specialization are needed:

(*a*) Diversity and interdependence of the departments of industry;

(*b*) Ideal opportunity for education and invention;

(*c*) Complete political and personal liberty;

(*d*) Perfect return to the individual of the value which he produces.

For perfect coördination is needed:

(*e-z*) Complete unity of material interests.

Of diversity and interdependence of the departments of

industry we now have more than we have of any of the others. Their furtherance is the work of applied science and invention. Each step in that work multiplies the instances in which the by-product of one industry becomes the raw material of another, so that enterprises which were before totally independent and uncommunicative are now forced into some form or other of coöperation.

Of opportunity for education and invention we have a fair amount. All that generosity and scientific interest on the part of the wealthy can do is being done. But very much more than that is needed: the more liberal maintenance of the students themselves; and that the generous cannot give without pauperizing them, which is worse for them than the lack of education.

Of political and personal liberty we have yet even more. We have not so much as we think we have, but we have nearly enough for present purposes. With the advent of the initiative and referendum, and of minority-representation, little more can be asked for.

It is when the next class of needs is taken up that the lack appears. Although of coördination we have a great deal, of unity of interests we have almost none. Every bit of factory-organization throughout the land consists of the coördination of labor to a single end. The trouble is that that end is not the interests either of society as a whole or of the laboring body as a class; it is the interests of a set of barterers and capitalists who control and direct the coördinated organization for the most efficient production, not of the goods which society wants, nor of the wages which labor wants, but of the net profits which the barterers want. It is the height of absurdity, or of worse, for practical business-men, knowing what they are talking about to speak of the interests of capitalism and labor as

being identical. They know perfectly well that all commercial success consists of keeping down the rate of wages, which enter into costs, and of keeping up the price to the consumer, as the only means of getting a maximum margin of profit. It is equally absurd, although not so reprehensible, for them to contend that only by working in harmony can capitalism and labor find anything to do. Capital,—material capital, of buildings, tools, etc.,—and labor work in perfect harmony now, and always have done so. It is only capital*ism* which is in contention with labor.

The reason why contention exists is because the competitive wage-system relies upon its presence for the settlement of that ever-present question, the current rate of wages, and emphatically refuses to rely upon anything else. The only reason why labor has any trouble in finding anything to do, any capital to work with, is because capitalism cuts off the purchasing-power of the consumer. The sooner capitalism fails to find a basis for further existence at all the sooner will labor find its first freedom to coöperate with capital, and the better off will be the laborer, the consumer and society as a whole.

The man who denies, or even neglects, these fundamental facts of competitive commerce in his arguments about industrial affairs forces his hearers into the painful task of classing him as either shallow or insincere. The facts are patent enough. The interests of the several economic classes and the myriads of parties to modern business are hopelessly antagonistic. It is the business of "business" to have them so. Every move of the directors of industry, every "scoop" of a rival, every victory won over a strike, every franchise secured, every law passed in the interests of the profit-seekers, but widens and deepens the gap between them,—and incidentally makes commercial

negotiation the more remunerative because the more difficult. Nor will the abyss be bridged by saying that it does not exist. The gulf will be spanned only at the cost of a complete revolution of our present industrial policy.

This gulf is nothing more than the lack of unity, the enforced antagonism, between every man and his competitor in business. In each individual case it seems a minute thing. Integrated to the limits of the nation it becomes a national calamity. It is this which makes of our commerce one vast civil war: every man's hand raised against his neighbor. It is this which enslaves us industrially, employer and employee alike, despite our vaunted political liberty. It is this unnatural gulf which forces us to legislate constantly to its support, that it shall not sink into formless chaos from mere inherent instability, legislating ourselves at the same time both poor and wicked. It is this great Sunken Way, of devious, hidden profit-search, into which is constantly pouring our best life and strength at gallop-pace, threatening outwardly to make of our national conquest of this virgin continent and its riches a final Waterloo for occidental progress and civilization.

The Abolition of Economic Dissipation. Therefore will it sharpen our perception of this hidden pitfall, of these complex as well as obscure social reactions, if, after the previous analytical review of their present conformation, we pass on to the future and consider the effect of their supposititious removal. In doing so it were wise to define carefully the premises for advance, as follows. We shall assume:

(1) That in the prosecution of industrial life all individuals are guided solely by their selfish, material interests, with no altruistic or patriotic regard for their country's

interests nor any appreciation of its reward of fame and honor therefor.[1]

(2) That wherever a commodity is offered for sale at the cost of production only, it will be impossible for that same commodity to find a continuous market when offered at the higher price of production plus a profit; hence, that no artificial compulsion, necessarily incomplete in its enforcement, need be relied upon to abolish barter if the natural principle of *sale at the cost of production* be adopted and incorporated into public law and opinion. In other words, referring to the two Divisions of industrial and commercial activity tabulated on pages 142 and 143, it is proposed to totally eliminate Division II, in the future, so that the price at which each commodity is sold shall be made up of the items of Division I alone.

3. That the sole guiding principle of economic justice is to be *the conservation to each individual of the value which he produces.*

The attainment of this last principle would obviously leave not only the sick, the insane and the criminals as paupers upon the public hands, as they are now, but all the other non-producers as well: the orphans, the aged and infirm, and that minority of healthy adult women who have not been educated into productive industrial habits.

[1] This stand is taken in the premises because, in regard to the future, the writer wishes his present predictions to be based upon no ethical assumptions whatever, to be open to no indictment for weakness from idealism. He does not believe that this supposition truly and broadly applies, either now or in this supposititious future; but for the present he wishes to be cold-blooded and "practical." In regard to the selfishness of existing conditions, all that he has said is that of all the impulses, selfish and unselfish, which are felt by human nature, the competitive economic system (so far as material prosperity or the lack of it can avail) sustains and encourages all the selfish ones and starves and discourages all the unselfish ones. All that he wishes to bring out at present is the obverse of this: that the abolition of barter will sustain and encourage the unselfish and tend to exterminate the selfish.

Whether they are to be cared for by public appropriation or by private subscription, or the ethical effects of either upon the community, is for the present to be eliminated from the discussion. This present synthesis is to be projected from the cold-blooded premises delighted in by the "practical business-man," viz.:

(*a*) Universal selfishness: "Every man for himself and the devil take the hindmost";

(*b*) To each man the value which he produces.

But it is to be understood at the start, as incidental and essential to this last, and as these same practical men very inconsistently omit from their premises, that *the laws of the land, backed by public opinion, shall prohibit any man from attempting to take from either laborer or consumer any portion of the value which the latter has produced.* The efforts of each man in his own behalf must be exerted against nature, not against man.

This is to be accomplished by the enforcement of these following statutes:

1. That each man's produce, be it what it may, *must be sold at cost to the community as a whole,* represented by its public agent, *and to the community only;* in other words, that the legal ownership of all value produced within the community shall be vested as completely in its Central Office as is now the case within every factory. The community must guarantee to each producer the full value of his efforts, and to itself the most perfect freedom of exchange. Those are the sole duties of civilized Exchange. The only known method of meeting them is that of the public Central Office, fixing prices at a money-rate determined by a pure balance between supply and demand, as free from barter as is the purchase of postage-stamps. The community must also prohibit any attempt upon the part of any individual at acquiring Value by

any other means than by producing it. This last, at present, it does not pretend to do. Yet it is a policy the justice of which the most ambitious profit-seeker cannot publicly decry.

2. That, as the only means necessary to enforce the preceding, *all prices, whether of commodities, of manual labor or of intellectual service, must be publicly fixed and publicly varied,* and not subject to private, individual manipulation. They are to be fixed, naturally,

(*a*) By public officials, acting publicly upon current public records, such as the census-bulletins; all ledger-accounts, bank-accounts, check-books, etc., being considered at all times public;

(*b*) So that the price just equals the cost; that is, so that the commodity in question shows as little deficit or surplus of cash, from year to year, as possible;

(*c*) So that the volume of supply shall be similarly adjusted to meet the volume of demand, so that as little deficit or surplus of goods as possible shall occur.

The Natural Wage. It is to be noted, in passing, that the last two subheads in combination amount to the fixation of the price of labor selecting specialization upon that particular commodity. That is to say, the daily wage for a certain grade of labor being the same for all commodities, as would naturally be so, the superintendent of the production of each commodity would so arrange the hours and conditions of work as to attract labor to that service when more goods were in demand, or vice versa; which amounts to exacting less or more work per dollar. This process is the natural operation of balance of Supply and Demand. It is the process now relied upon, exclusively of all others, in the employment of labor to supply the demand felt by the factory. To supply the demand

felt by the consumer, however, this balance is in action to-day only obscurely and fractionally, owing to the presence of barter. Then it would have full swing.

This is the general policy of the post-office, for instance, in its relations with public demand. In its relations with its employees it is forced, by the competitive-wage system, into exact parallelism with all other employers. Therefore, while it offers an excellent example of the Natural Price to the consumer, it gives no hint of what may be the Natural Wage for the labor in its employ.

The Comparative Cost of Public and Private Work. At this point in the argument naturally arises this most voluminous question. Into the maze of statistics which it involves we shall not plunge here. Following the underlying idea of the work, which is to reveal clearly the relationship of cause and effect between facts already well known or easily ascertainable, rather than to pile up novel and undigested facts, we shall confine ourselves to some general considerations.

In comparing the public with the private organization of industry there is no objection to admitting at the start, if it could be of any satisfaction to the advocates of private methods, that the cost to the organization itself is probably greater under public than under private organization. But the fundamental difference is that under public organization the directorate and the consumer are one, whereas under private initiative they are not. In the latter case the cost to the organization and the price demanded of the consuming public are so very different. So this much must be said here, as the lesson to be learned before any intelligent use of statistics may be made whatever, that if all the " costs " which are ordinarily, legally and legitimately charged against the placing of a thing

upon the competitive market by private enterprise,—including rent, interest, dividends, profit, competitive advertising, legal counsel and the other "costs of doing business,"—are to be charged in against the public organization for the same service, then there is no reason whatever for prefering the public to the private policy. So long as profits are made, by charging the consumer more than the bare cost of supply, those profits will inevitably be exaggerated and inevitably stolen. So long as interest and rent are regarded as properly to be charged and collected, they will be inflated to the last degree by the monopoly of land-control and by the "watering" of stock. So long as combative advertising and self-seeking litigation are rewarded, as aids to the above, by an expansion of income, the greed and contentiousness of human nature will develop them into the degree of a frenzy. Whether organized in the name of the entire state or in the name of a fraction of the community only, will make not the slightest difference as to the result. In either case the organization will soon gravitate into the hands of men of the ward-politician and financial-promoter class,—for they are one. The individual producer, the individual consumer and the common stock-holder will be alike the helpless losers, and the coterie of bosses will be the gainers. In the one case the methods of these bosses will be political; in the other they will be commercial. But the result will be the same. Prices will run high, and service, in point of both quantity and quality, will run low. Idleness, both enforced and voluntary, will be common. Corruption, both public and private, will run rife. Not until the interest-account, the dividend-account, the secret-salary account and the "cost-of-doing-business" account are cut out of the cost-ledger entirely,—absolutely by public opinion and the common law, and actually to what degree

these may be effective,—will these phenomena disappear. Then, again, it will appear that it makes slight difference, as to the results attained, whether the organization be public or private. The liquor-systems of Gothenburg and other places, for instance, organized and capitalized privately, but operated without attempt at a profit, as a public trust, have proven almost as effective for the suppression of all the evils of liquor-traffic as could any similarly operated public organization. Only it is unimaginable that any private organization, isolated in its methods from all of its neighbors, could or would arise and be operated upon this non-profit-seeking plan upon a scale effective for the solution of our national problems. It is quite imaginable that a public organization both could and would do so; for the organization exists in readiness, needing only its deliberate direction toward this work. That is almost the whole of the controversy between public and private ownership or operation.[2]

The reminder which has just been made, that the saving in internal cost, in the case of private enterprise, is of little interest to the community because of the lack of its identity with the price asked of the consumer, together with our long portrayal of the rate at which their difference—barter-cost plus profit-tax—have grown to outrageous proportions, ought to settle this question of compara-

2 There is another feature of this comparative cost-of-service question which is worthy of mention in passing. This is the common habit of ignoring the evidence. For instance, the common attitude of mind in regard to governmental work is that "of course" it costs more than private work; yet the evidence which should lie back of this attitude I have never been able to find. What is offered usually melts upon examination. But more often none is offered or asked for. "Everybody knows *that!*" is passed and accepted as sterling wisdom. Here is an instance. One of the daily journals of New York which stands with the topmost in reputation for ability, and upon which I myself rely daily as the best newspaper in the land, is uniformly bitter in its editorial attitude toward all which these

tive cost. If not, it ought at least to reopen it so widely as to amount to the same thing. Nevertheless, it is worth while to examine more at length the common statement that a barterer, seeking only his own gain, can hire and direct a superintendent or a laborer very much more efficiently than can a salaried agent of the community hire the same man to do the same thing; and therefore that, although commodities may be offered by public agents at the cost of production, private barterers will still be able to offer the same articles at a lower price and have margin of profit.

The reply to this is threefold:

(1) It does not seem probable upon the face of it. There is no visible reason why production can be superintended any more efficiently under one plan than another. The pure superintendent has a much greater incentive to efficiency in the case of public than of private control. As to the barterer, while he plainly experiences an inducement to effort under private, profit-making organization of a sort which finds no place under public organization, *it is not an inducement to productive effort, lowering costs and prices at all;* it is an inducement totally to neglect productive processes, relegating them to the care of his

pages advocate. Incidentally, however, it prints the following in its editorial columns:

"A STARTLING CONTRAST.—A disclosure just made to Congress should have results. It appears that the battleship Connecticut, built directly by the government at the Brooklyn navy-yard, was, at the end of September, practically just as far advanced as was her sister-ship, the Louisiana, under construction by a private company at Newport News. The Connecticut had cost $2,234,937. The Louisiana had cost $3,548,250. The apparent saving in cost by direct governmental construction is thus $1,213,313.

"This difference is enormous, amounting, as it does, to more than 50 per cent. of the cost of the cheaper vessel. At this rate we could build three battleships in navy-yards for the price of two in private yards. And yet it is notorious that work done by private concerns, with the spur of self-interest constantly applied to cut down the cost, can be done more

salaried superintendent, and to devote himself more assiduously to barter, or *to raising the price* to the consumer.[3] This, in a nut-shell, is the basis for all agitation in favor of public ownership: that private profit-seeking gives to each man his income in a manner which constitutes it the greatest possible inducement to him to work against the interests of the consumer and the least to work for them. All successful business shows the result of this policy. Not only it, but the entire superiority of American over European commercial methods, in fact, stands as evidence that in competitive business it pays to neglect almost altogether, as regards the time, study and effort of the head officials themselves, the refinements of efficiency in

cheaply than like work under the direction of the government. Few men are so keen to save public money as all men are to save their own. This enormous disparity is not explained, nor has any effort been made to explain it. . . ."

The importance of this quotation does not lie in the item of news. Anyone who seeks can find thousands like it. It lies in the peculiar persistency of the tradition, in the minds of men as intelligent as these editors, that it is still "notorious" that public work costs more. But the degree to which private-corporation work costs more is now getting to be something more than notorious; it is infamous. How can such statements as the above be continued in by men of public responsibility when for a quarter-century the various socialistic explanations of the egregious cost of work done for the sake of gathering the dividend-and-profit tax connected with it have been rife in all commercial lands? To disagree with socialistic explanations without substituting others is easy. To fear their logical conclusions is still easier. Both attitudes of mind are common. But it is not so commonly realized that, in order to justify their prejudices, their fears or their simple ignorance, men who have accepted the responsibility of public leadership are so frequently engaged in gulping down inconsistencies as bald as the one just mentioned.

[3] A friend of mine, an official of a manufacturing corporation of moderate size, was once party to a conference of the leading manufacturers in his own line, met in New York for the purpose of an "understanding." In the course of the discussion he spent some words upon the reduction of the cost of production. One of the older and more successful members of the group stopped him with: "Oh, hang all that. The money isn't made in the factory. It is made right here."

production, in order to control more effectively higher prices in the market. If barter be regarded as an inevitable accompaniment of exchange, such a policy is undoubtedly the better one. If it is not, however, the fact stands as additional evidence of how the barter-system prevents the consumer from getting the benefit of every possible reduction in cost of production.

(2) Statistical records universally uphold the correctness of expecting the abolition of barter to reduce costs. All existing progress in the line of public ownership has justified itself by cheapened cost or better service, or both. What denials of this statement have reached our eye are uniformly invalidated by their arbitrarily figuring into the book-keeping the very items of profit, interest, etc., which public ownership is expected to and which it does eliminate. But as this volume deals only illustratively with statistical support the reader is referred elsewhere for these data.[4]

Although it is commonly said that the post-office operates at a deficit, this statement is not true. Even accepting the figures as they appear in the reports, the average net result of surpluses and deficits, taken over a number of years, just about comes to zero. But this neglects the all-important fact that the heaviest class of mail-matter, the second, is handled at so absurdly low a rate, at a mere fraction of the cost of the service, that its continuous operation constitutes one of the baldest cases of "graft" upon the community which is now going unprotested. Moreover, the one source of real danger of a deficit, these second-class rates, exists solely because public opinion upholds the profit-making plans of the periodical press whose influence keeps it there.

Again, the only field in which the superiority of public,

[4] Bliss's "Encyclopedia of Social Reform," Bemis's "The City for the People," etc.

non-profit-seeking organization has a chance to evidence itself in the post-office is in the mere collecting, sorting and delivery of the letters. All of the actual transportation of mail-matter, by land or water, both interurban and between post-office and railway-station, is done on the profit-seeking plan, by private enterprise. Here the government pays not only the full cost of this onerous method of operation, but it pays much more. The average price charged by the railroads for carrying mail-bags is several times that charged the express-companies for the same service! The superficial will say, "See the weakness of governmental organization!" But is it so? In the first place, are the rates high because of corruption or of inefficiency on the part of the governmental agents? If the first, *then the railroads corrupted them.* There is no reason under heaven why these agents, untempted, should choose to elevate the rates. There is no reason why the railroad people, if paid in salary instead of in profits, should wish them elevated. If the second, the railroads at least took an evil advantage of this inefficiency. If public opinion and corporate conscience should both insist that there is a natural worth to the service, and that to take more than the publicly declared statement of that worth were robbery, as is actually the case, then this thing could not happen. But in the present state of public opinion,—upholding, praising and richly rewarding, as a skillful conduct of "business," any possible elevation of prices not accomplished by physical violence,—this result is the only one naturally to be expected.

As to the government's forcing the railroads to accept from it only what the express-companies get, the whole object of this book is to call attention to the fact that *it would cost more than it is worth.* The post-office is not equipped for successful barter. This is the reason why

its service is the best and the cheapest of any which we have. The express-companies' and telegraph-companies' rates are higher than the postal rates (in the fields where the two are equally prepared to do business) chiefly because these corporations are commercially formidable enough to extract low rates from the railroads. Warfare is always more costly than peace. The proper remedy is not to inject that most costly virus known as ability-to-control-prices into the postal system, but to eliminate that poison from the railroads. The way to bring down the interurban cost of mail-transmission is plainly not to equip the post-office department for comercial barter, which would make matters only worse than they are now, but to reorganize the railroads as public carriers in the true sense of the term, so that there would no longer be the slightest temptation to overcharge anybody, either the post-office or the people.[5]

The same remarks apply to the postal frauds just revealed: *they have not occurred in the form of profit-making in the transmission of intelligence, by charging higher rates than the service costs.* They have occurred where the Department comes into contact with profit-making corporations outside, where there is a temptation to

[5] In the mailing of a portion of this manuscript it developed that, owing to the present absurd and quite unnecessary system of postal charges, it was going to cost as much to deliver this one package at a single address, by mail, as it would cost to have over fifty lighter pieces delivered at fifty different and distant addresses. The clerk therefore advised the shipment of the package by express.

To the superficial mind here is a fine instance of the superiority of the privately operated express-companies over the publicly managed post-office. But is it so? The sole reason for the higher charges of the post-office in this class of work is that it persists in regarding itself as a carrier of letters only, and refuses to equip itself or to reform its schedule of prices in a way fit to rival the express-companies in the carrying of packages,—which defect is no essential part of its public system of operation. On the other

share in those profits. They have consisted, as has all governmental corruption, of collusion between men within the non-profit-making Department with the profit-seekers outside. The men within are expected to conserve the people's interests and to remain passive in the face of the greatest temptation; and in the great majority of cases they do so. The men outside are entirely freed, in public opinion, from a like duty of conserving the people's interests. They may not only abstract the community's money, by exalting prices to the consumer to the utmost of their ability, without effective rebuke, but they may add insult to injury by using a portion of the tax thus wrongfully squeezed from us to the corruption of our public servants, as a means to the expansion of that tax, and it is all "good business."

In making these comparative investigations of cost, too, the advocates of barter-control utterly neglect to bring out the failures upon their own side. The enormous percentage, in the neighborhood of ninety out of each hundred, of failures of all business-ventures reported by Bradstreet they do not so vehemently advertise. Nor does Bradstreet reveal the true measure of failure. What he reports are failures to make a profit out of the community. It is

hand stands out most prominently, as an indicator of the true state of affairs, the fact that this post-office clerk, because his service was organized for the sake of its task and not for profit, *guided me elsewhere to the enjoyment of a rate cheaper than he could offer!*

Where else, let it be asked, in the whole realm of stores and offices frequented by the consuming public, outside of the libraries and custom-houses, could any attendant guide a patron elsewhere, to the securing of lower price, better quality or greater convenience than he himself had to offer, without endangering his privilege of livelihood? What does this indicate, let it be asked and pondered most seriously, as to the myriad of opportunities for greater value or convenience at a lower price which is daily being lost to the millions in their dealings with the competitive system, and *of which they are never directly conscious?*

the gigantic successes at making a profit out of the public which constitute the true failures at wealth-production for the community.[6] This fact they are most careful not to

[6] While it is impossible to present more than a suggestion of the enormous mass of evidence of fact which is constantly arising in the commercial news of the day, space must be taken for occasional examples. The following is an editorial from *The Outlook* for November 14, 1903:

"Were it not too serious for humorous treatment, the testimony which has been taken before the courts regarding the management of the bankrupt United States Shipbuilding Company would furnish a fit theme for the author of some new 'Mikado,' who wished to exhibit topsy-turvydom in a realm nearer than Japan. We have refrained from commenting upon this testimony until the whole of it should have been taken, because we do not wish to judge of any man's responsibility for the deception of investors until he himself shall have been heard. Already, however, it has been made clear that the nominal directors of this great combination were for a time at least mere puppets moved by the hands of promoters. Some of the directors were young men who had never had a bank-account, and who had only a doubtful title to a single share in the stock of the corporation they nominally managed; yet these young men reorganized a company with nominally forty-five million dollars, and issued in addition twenty-six million dollars of bonds in payment for properties which they purchased, to be put on the market for sale to trusting investors. The largest of these purchases was the Bethlehem Steel Company, for which ten million dollars' worth of bonds and twenty million dollars' worth of stock were given. When one of the dummy directors was asked what he knew about the Bethlehem Steel Company, for which he had voted to pay such an enormous price, he replied that he knew practically nothing, except that he thought that it was located at Homestead. When asked by the lawyers if he would be surprised to learn that it was located at Bethlehem, he replied that he would not.

"Last week, before the completion of the testimony before the court, further light was thrown upon the management of this great concern by an authority whose evidence must be accepted as judicial, though subsequent testimony from Mr. Schwab may possibly explain away the part he now seems to have borne in the transaction. Ex-United States Senator James Smith, appointed receiver by the court, has reported the conditions which he has found. Summed up in the briefest possible way, Mr. Smith finds that the nine shipbuilding and steel companies consolidated into the trust had a self-estimated value on July 13 of last year of $15,400,000. The price paid by the trust for these properties was seventy-one million dollars in bonds and stocks. The twenty-six million dollars of bonds paid for them was nearly double their self-estimated value. The forty-five

bring out. Both what they say and what they omit to say stands as a sign of their hopeless partiality, of the heavy pecuniary interests they have in throwing the conclusions

million dollars of stock represented just so much water—or rather air. The prospectuses issued to investors figured the previous profits of the merged companies unreasonably, if not fraudulently. At some points it seemed to the receiver that the records had been willfully falsified. Leaving out the Bethlehem Steel Works, the profits of the individual ship-yards' earnings really amounted to less than nine hundred thousand dollars, but were represented to be two million two hundred thousand dollars. Yet the greatest of all injuries to investors, in the receiver's opinion, was in the transactions relative to the Bethlehem Steel Works. Their self-estimated value, deducting the underlying mortgages, is reported to have been little more than four millions. Yet Mr. Schwab received for them ten millions of bonds and twenty millions of stock, with the further stipulation that the bonds he received should carry with them voting power, so that he was given a majority control of the entire shipbuilding combination. He was also given a special mortgage upon the Bethlehem works to secure his bonds, and his appointees managed the works so as to increase their value at the expense of the stockholders of the trust. During the time the Bethlehem company was nominally managed by the trust, it earned profits, according to Receiver Smith, approximating two million dollars a year. None of this sum was turned over to the United States Shipbuilding Company to save it from bankruptcy, but all was used in extending and improving the plant at Bethlehem, so that if the trust went into bankruptcy the holder of the mortgage on the Bethlehem works would get them back worth much more than when he sold them. In the receiver's phrase, the management of the affairs of this great corporation had the character of 'an artistic swindle,' and he declares that under present laws all those who received stock as a bonus upon the sale of their plants can be held liable for the indebtedness of the combination. If this be law as well as justice, the creditors of the combination will be able to enforce their claims against those responsible for its mismanagement. The creditors, however, are not the only sufferers from bankruptcy of this sort. The law ought to protect the investors who put their money into the stock. Almost the first duty of the law is to protect the security of property; in countries where property is insecure, barbarism is supposed to prevail. It is a disgrace to our civilization that property invested in industrial corporations should be as insecure as property in darkest Africa."

This is only a single instance, and its discussion confines itself entirely to the wrongs done the minority stockholder. But how about the much greater wrongs done to the consumer? The swindle revealed by Mr. Thomas W. Lawson in the issue of *Everybody's Magazine* for September, 1904, is along parallel lines, except that the figures are greater. But all of

in one direction rather than the other. We doubt the value of public ownership and operation not because it has failed in the interests of the public, but because it has failed in the interests of the barterers, who have every inducement to blind and control public opinion into the belief that the two are synonymous.[7]

Any reader of these pages can find in his weekly review ample current evidence of all this sort of thing. He will find, however, no record of publicly owned enterprises going back into private ownership except because they have proven themselves capable of earning a profit, and then against the will of the consumers and at the behest of the political machine: an organization of barterers desirous of enhancing the selling-price from its natural coincidence

such cases taken together constitute but a small fraction of what is going on all the time, for these are only the few which are discovered; the great mass of them are too skillfully successful to be caught. Nor are they in any wise to be seriously treated as exceptions. They are the rule. Nor are they at all abnormal. They are the legitimate development of the simple process of barter instanced as between fisherman and hunter. Once admit it to be right for one man to deceive another as to the true value of an article, to the extent of one penny of profit, and this is the scale of deception and of profit into which human nature will inevitably gravitate.

[7] The steam-roads frequently reveal the same thing: the unprofitable mismanagement of the property in private hands, creditors and stockholders losing their rightful dues in the face of high prices paid by the consumer, until failure is announced and the wreck is passed over to the receivers, the *salaried agents of the community,* who then operate it in the interests of the community until it is again solvent. It is then handed back to the unpunished dissipators of the public wealth as a tool for the further extraction of profit from the public. It is when private control has proven its incapacity that public management is universally fallen back upon, to succeed by its superior reliability, efficiency and unity with the people where the other has failed. A few years ago it was reported that over forty per cent. of the roads west of the Missouri were similarly in the hands of receivers. Why were they not kept there, confiscated by their mismanagement in hands seeking only the exploitation of the public, to be dedicated forever after to the service and the interests of the public whose power and efficiency alone made, protected and saved them?

with cost back into regions where a profit is possible, where there is a margin of plunder over and above the cost of production for division into "boodle" or "graft."[8]

(3) It has already been established that the average cost of competition is at least twice that of production; if in some services it is less, in others it is much more. It has also been established that, given external conditions as they are to-day, this proportion cannot be diminished at will; it is fixed by forces beyond all human control short of the unified action of the community as a unit. Therefore, barter cannot undertake the direction of production of any commodity unless there is reserved to it a margin over the cost of production, in order to cover the heavy barter-costs now prevalent and still leave a net profit of something like two hundred per cent., on the average (taking in all the exchanges intervening between the true raw material and the finished product in the hands of the consumer). Even if it be granted, temporarily, that there is something in this argument, that perhaps private direction could reduce the cost of production somewhat below what public control would incur, we are asked to believe that this difference is going to be sufficient to cover another item *twice as big as the total cost of production.*

For it must be remembered, in discussing this question, that when any given service is taken over from private to public ownership, a comparison of the prices charged does not reveal the effect of the removal of barter from all of the service for which the visible price is paid. Take, for instance, the street-railways. The service for which the public pays a nickel a ride is not merely that performed under the control of the street-railway company. It includes an interminable array of accessory services scattered all over the land: the mining of coal and the manufacture

[8] The best instance of this is the Philadelphia gas-works.

of mining-machinery; the transportation of coal; the design and manufacture of power-house apparatus and electrical machinery, with all the schools contributive thereto and the Patent Office back of that; the manufacture of lubricating-oil, cars, rails and transfer-checks: all of these are paid for by the passenger's fare, and to its magnitude every one of these contributes its quota of cost of competition. The service from which barter will be removed by the municipalization of the road is merely that of motormen, conductors, etc. The sort of barter removed will be merely that of dividends (upon watered stock), salaries of unnecessary officials and a variable quantity of legal influence against the people.

All of these services not locally visible may be lumped together as raw material. This amounts, roughly, to a third of the entire fare charged. We may assign a third each to local labor and barter. But this shows the cost of competition as only equal to that of production, whereas twofold was just mentioned as the true proportion. The reply is that in street-railroading the cost of competition, here vertical only, is much less than the average in other services. No commercial travelling, no commissions, no advertising, is needed. *It is these "natural monopolies," for which alone the public is now beginning to demand public ownership, which offer the least argument in favor of the step.*

The proposition is absurd from every direction in which it is honestly and impartially approached. This is the saving feature of the situation. Eventually the truth will out. In order that community ownership and operation should supplant private methods it is not necessary for the few existing cases of the former to demonstrate a striking superiority over their profit-seeking compeers. It does

not seem that they have done so in the past. While the saving and the success have been always, or at least usually, there, it has been, in one sense, moderate. It has already been explained how this is natural and inevitable. But this fact has not hindered the very steady spread of public demand for public ownership. Even if this moderate success had been moderate failure instead, it would not have hindered this spread. No statistical proof of moderate failure will hinder it. So far as one is able to observe, no existing public plant ever derived its actual undertaking from the economic or ethical arguments in favor of public ownership. In nearly every case the policy was adopted by its community because all other lines of effort at securing good service at moderate price, coupled with freedom of its government from corporate influence, had failed. If the confused propaganda of the socialists and the demagogues, against which the mouth-pieces of the profit-seekers direct such constant outcry of condemnation, were the only force propelling us toward public ownership and all that it will bring, there would be little danger of a revolution. Fortunately, we have something much moré powerful to rely upon as motive power, namely, *the iniquities of the profit-seekers themselves.* It is the powerful commercial men and organizations, hating and scorning as they do all the theories of the various economic apostles, who have wielded the forces in the past which have already driven the people, maddened by the growing immoderation of their waste, faithlessness and extortion, to turn first from orthodox politics to mugwumpery, then from free trade or tariff-reform to free-silver populism, and now from free silver to the open advocacy of the municipal ownership of public monopolies and the governmental control of the rates of those corporations which remain private.

It is this same irresistible commercial power of the day which, having been given here in America more rope than elsewhere in modern history, is now about to completely hang itself, by forcing the public into an unanswerable political demand for complete socialism. It is not such books as this which are driving us on. Nature's law of evolution lays the guiding rails; we sermonizers grease the curves and oil the bearings, that grinding friction and heat of impact may be lessened as we go; but the power that is driving us along this road is that very insatiate greed of the competitive system which we here decry—heeding naught but itself and its desires, scorning all danger of effective arrest, reckless of the anger and power of a patient public. Into the furnace of this locomotive engine the fuel is being shoveled fast. Each new case of private graft, every new sign of instability of prices, each fresh investigation of corporate crookedness, from the Standard Oil of thirty years ago to the Mutual Insurance rottenness that is now oozing into light of day as these words are written—all serve as oil and fat-wood to feed the fire of public indignation. There is little need for public ownership to prove that it is better. The alternative which we now enjoy is not only so infinitely worse; it is fast growing absolutely intolerable.

Finally, if there were anything at all seriously back of the arguments against public control, all that is needed to establish the fact is a fair trial between the two plans. Most of the gentlemen controlling the services immediately threatened with the proposed change are men of sense; they could not be expected to object to this fair trial by jury. Yet they do so object, most strenuously, to the extent of incurring heavy expenses for lobby and for legal counsel, for influencing the press, etc. The only

result attained thereby is the addition to the evidence already in the public mind of the conviction that they must be now drawing big profits from the business or they would find neither impulse nor resource for so expensively obstructing an experiment which could not, in the nature of affairs, do aught but bring out the truth as cheaply as truth is ever obtained. Let those who are so fearfully considerate of the tax-payer's interests exhibit some like concern for the interests of the profit-dividend-and-interest-payer!

The Economic Gain of Coöperation to the Community. The first consequence of the adoption of any such a public policy as that outlined above would be the gradual retirement of all capitalism, by the gradual transfer of all ownership of capital to the community and the cancellation of its valuation, or capitalization, by means of a sinking-fund. This process has already been carried out completely in a few instances, and is already stably under way, with the funds accruing from prices lower than those prevailing under private operation, in many other cases. The process is a simple one. There has never appeared to be any difficulty in hiring a superintendent who, when told that his duties were first toward the public rather than toward the interests of a private board of directors, could not or would not do this thing conscientiously and well. In the few instances of comparative failure the hand of some private corporation having a pecuniary interest in the failure of the public enterprise was plainly manifest.

It has been pointed out that the spirit of emulation has free play only in the ranks of the producers, and there only under repression by the presence of barter outside. That is, emulation in production is constantly aiming to produce

ever at great and greater efficiency, and hence at steadily lessened cost. If this decrease in cost did but reach the consumer, the producer would receive the natural reward of his diligence in multiplied consumption of his goods; he would be encouraged and sustained thereby to further diligence. But at present it does not. In between stands barter, seeking not to lower prices to the consumer, but to exalt them (or when so seeking, doing so by methods which entail the exactly opposite result), seeking not to extend the volume of production and exchange, but the volume of profits, which reach a maximum only when the volume of exchange is far below its possible maximum. Thereby the emulative spirit of the producers is stifled into a minimum of activity.

But with the legal fixation of all prices, by public foundation upon the cost of production, this emulation will find full sway. Between rival factories, localities, superintendents and operatives the race to report the lowest cost of production will be keen. It will be much more so than at present for the following reasons:

(1) The results of the rivalry will be made public, and both the material income and the fame and honor reaching a man will be dependent thereon. The superintendents and directors of production will then be as prominently before the public as are now the directors of our vast profit-seeking organizations.

(2) The pecuniary reward for increased efficiency of production will be much greater. Now, with the barterers in control of all productive effort, the bulk of the natural reward for any decrease in cost of production either goes to them or is lost to everyone in increased barter-cost; in either case it never reaches those who earned it.

In any such situation as that proposed, it will soon

become apparent to the superintendents of production, striving for this reduction of cost, that one of the heaviest items upon their cost-sheet is the interest paid upon land, buildings and tools utilized. To cover the depreciation of the latter two there must already be in operation some form of sinking-fund, the current payments to which are made by the producers. No matter what the form of organization or what the methods of book-keeping, this is now being done in every productive establishment; if not attended to consciously, methodically and wisely it will maintain itself automatically, if clumsily. Therefore would the idea be inevitable of somewhat increasing this sinking-fund (or of starting a duplicate) with the object of gradually canceling the capitalization of the capital in use, leaving the latter for use free of all indebtedness.

This is at present a standard policy in the minority of industries not operated for the purpose of profit-making, and is always successful and profitable. These services are ultimately conducted by the producers without the payment of a cent of interest upon capital utilized, the entire capitalization having been canceled and eliminated by the gradual operation of a modest sinking-fund. But in any productive service operated for " business " instead of for the service, it is to be remembered, such a policy is the last one desired. The prime object of the barterers, who are then in control, is to *increase* the capitalization, not to decrease it. When other methods fail, or even before they do, the stock is watered in order to increase the capitalization of the capital in use, to thus deliberately increase the interest-payments charged up in the price to the consumer, as one of the costs of doing business. This is one of the many ways in which barter is continually seeking to exalt the selling-price to the consumer, although ever pretending that its sole ambition

is to reduce the selling-price,—whereby it forswears its own honor and self-respect and the trust of the community at one and the same time.[9]

The result of such a natural policy, therefore, would be the completion of the list of specified plans (page 531) by the addition of the following plank, viz.:

(3) The ultimate ownership of all the capital of the country by the community.

This plank is one already widely advocated throughout the land. It was not included in the original premises of this synthesis for this reason, the weight of which should be clear from the general analysis now complete:

The ownership by the community of the capital utilized in the nation's productive enterprises does not necessarily protect the consumer from extortion, and the community from the misery and disgrace of slums and Submerged Tenths, if unaccompanied by the public condemnation of all profit-seeking and all variability of prices and wages. Witness, for example, the public ownership of street-railways which are operated by private companies, Chicago's river-tunnels, New York's docks, etc. Upon the other hand, *the public condemnation of all variation of prices must necessarily entail, ultimately, the public ownership of the capital utilized and the complete removal of the service from all influence by the barterers.* Therefore the latter is stated first, as a cause; the former last, as an incidental result.[10]

[9] To prove that the sinking-fund payments needed to cancel all such capitalization, even including the artificial inflation, in twenty years, say, are far below the interest, dividends, net profit and barter-cost now charged up to the consumer instead, is a simple problem in bookkeeping which any business-man may solve for himself as applied to any service for which he happens to possess the necessary data.

[10] As a matter of programme of procedure, the writer takes no dogmatic stand upon this point. He welcomes all recommendations looking toward public ownership as incidental aids. But a scientific statement of the argu-

As the progress of such a policy gradually absorbed the capital of the country out of and away from capitalization, the latter would accumulate upon the capitalists' hands; not so rapidly as now, because their income would be gradually shut off at the same time. This accumulation of exiled capitalization will at first seek outlet in the direction of the control of new inventions, the staple commodities being naturally the first to leave the profit-seeking field. This will give renewed zest to inventive ability. But if the policy of public absorption of private enterprise be properly forwarded it will gradually catch up with the creation of new enterprises and the capitalist will see his field for exploitation gradually narrowing. In consequence, interest-rates must steadily fall; until, in the end, all possibility of further capitalization being gone, by the new policy's having caught up with the progress of the times, *the standard rate of interest will be zero.*

Assuming that the people had not first been driven, by the extortions of the barterers, into the desperation which leads to confiscation, as was the case with slavery, the capitalist would still possess the full amount of his original

ment cannot be correct unless it places the condemnation of profit-seeking in the place of first importance and the advocacy of public ownership in the second. The outcome in practical politics will uphold this position. Public ownership adopted merely as a business measure, to procure lower prices, or because private control of the service has become intolerable, will succeed in what it aims at. It has uniformly done so. But it will utterly fail of accomplishing what it legitimately may when incorporated as a national policy, the alleviation of all community-misery, unless it is consciously and deliberately aimed at the elimination from the body-politic of all barter and the identification of cost and selling-price. Many citizens who occasionally uphold the public ownership of the lighting or street-railway services spend the bulk of their time and strength in that profit-seeking over the supply of coal, paving-stones, telephone or banking facilities, etc., which corrupts our government and reduces the gains due to accomplished public ownership to a minimum,—a pitiful one step forwards and three backwards in the interests of the community.

capitalization. He could keep it or he could spend it, as he chose; but he could spend it only once; he could draw no interest upon it so as to be able to re-spend it over and over again indefinitely.

As to the elimination from the selling-price of the items of Division II, other than interest and rent, by the public fixation of all prices, that is practically automatic. It has been constantly shown how the entire aim and occupation of the barterers, who alone inhabit what is known as the commercial world, is the control of valuations: to the end that they may be exalted to the maximum. For to the barterers the era of prosperity is the period of high prices. Therefore, if the community once sets out to enforce the fixity of all prices it removes the barterer's entire occupation. It amounts to a cancellation, although not necessarily a confiscation, of all purely commercial vested interests.[11]

The " legal control " of prices, as at present frequently advocated for a few industries, is not this same proposition at all. For it still contemplates the sale of the commodity at a margin above cost, at a net profit, which shall constitute the income of him who handles it; and this is plainly no true control at all. For it merely transfers the task of the control of the price, of the deception as to the true value of the commodity, as to the real cost of production and as to the actual margin of profit existing thereover, from an appeal to a million of consumers

[11] As to this virtual cancellation of vested interests, in so far as they are devoted to barter, not production, herein will be found no faint pretense of advocating anything to the contrary, as appears so frequently in the politic propaganda of the single-tax school of social reform. As a matter of fact, the single-tax proposition virtually amounts to not only the cancellation, but the confiscation of all private land-valuation, to the abolition of all landlordism, just as this plan for fixity of prices does away with all capitalism and all barter. Indeed, *either plan is worthless except in so far as it accomplishes just this result.*

to an address to a half-dozen public commissioners,—a very great gain in concentration of effort for the bargainers. It is true that the commissioners are supposed to be honest men, not open to corrupting influence; and here is not the least disposition to question their natural tendency to be so. But they are not supposed to be omniscient. No one can possibly know what is the real cost of production of an article except him who produces it—and those who appear before our public commissioners as representing certain industries are not the true producers in that industry, nor their representatives; they are the barterers, or their representatives, and the prime weapon of barter is the concealment of the truth. Therefore, no public commissioners, however honest, can ever hope to truly protect the people from the making of profit out of them. Indeed, no public commissioners attempt it, or are expected to do so; for the making of a profit is not now regarded as a felony, as it should be. But no public commissioner may be expected to successfully protect the interests of his clients until he adopts that policy.

Moreover, to admit in principle that every man is tempted to swell his income in every way possible; to assert that the value of a certain service to the community is limited and that it is the duty of the law to see that this limit is not exceeded; to then adopt the practice of permitting the director of a service to secure his income by forcing the selling-price as far as he can above the true value; to specify a legal limit thereto and to then hire a second official to see that the first exceeds it neither by force nor deception: all this is fearfully cumbrous and inefficient. The plain way to accomplish what is desired is to publicly condemn all effort at making any profit whatever; in the first place, by adopting the following fun-

damental rules for guidance in the abolition of dissipation:

(1) The salaried superintendent of production must be the public commissioner for all decisions as to prices concerning the commodity he produces;

(2) He must be the last one to handle any funds concerned in that production.

(3) His own income must be in the form of a salary, publicly declared and invariable, except by public processes, having no direct dependence upon the momentary quantity of goods handled.

The first two of these methods constitute exactly the present accepted policy in all efficient factory-organization of any size. The third is the present accepted policy in dealing with all public men, and works efficiently.

(1) The superintendent is paid a salary; no profit-seeking on his part would be tolerated for an instant. He reports, from his foreman and to the Central Office, all cost-accounts, viz., the wages of each man, based upon (although not equal to) his actual productivity, as observed by his foreman; the cost of raw material; the cost of all incidentals, such as light, heat, power, etc. [12]

(2) The treasurer and the cashier's organization (all salaried), acting upon the data of this report, carry out the distribution of income, from the largest salary to the lowest wages. If the few higher officials who own stock and draw dividends be excepted, these incomes are all predetermined according to productivity and are rigidly fixed, in comparison with the present frequent

[12] It is merely incidental that another official, salaried and having no interest in the net profits, and in that sense a duplicate of the superintendent, adds to this list the items of rent, interest, advertising, etc., so as to place in the hands of the Central Office a complete report of the commercial cost of operation.

fluctuations of the incomes drawn by the barterers and of the prices upon which they depend. The recipient may increase them, but only by currently producing to the organization an equal or a greater increment of value than his increment of income.

Therefore, this plan which is advocated for systematic and legal adoption by the nation as a unit is exactly the one, including all considerations of individual psychology, which is now supremely operative over some eighty-six per cent. of the industrial population, all of those included under Division I. The sole fault in the results worked out by the system is that it is not carried far enough nor freely enough. The presence of barter restricts the activity of this eighty-six per cent. to some thirty per cent. of the nation's total industrial activity; the beneficent results of this fractional application of the policy cannot leak through the fourteen-per-cent. incrustation of barterers, to sustain society as a whole.

It must also ever be remembered that for this eighty-six per cent. of the population this great change in our economic system will mean nothing at all except an increase in their purchasing-power and their choice of work, an opening up of life's general opportunities before them. They, the producers, now live and work under exactly the conditions prescribed in our remedy, except as to the volume and intensity of demand for labor. They now work upon raw material which is not theirs, with tools which are not theirs, to the production of a marketable result which is not theirs, for a rate of pay in the determination of which, or of its purchasing-power, they have practically no voice. Throughout the long hours of each week they have little sense of "mine"; the preliminary programme and the final result are prescribed, merely a minor degree of method being theirs

to choose and love; it is only on Saturday night that a yellow envelope is "theirs," delivered with the word that it is presented to them by the capitalist and that they ought to be thankful that it is no less!

Remember, too, that these are the producers! These are they who make everything which we prize. These include the organizers of work, the designers, the inventors, the artists, the writers, the teachers and the preachers, as well as the mere artisans. Even if, in some of these cases, the yellow pay-envelope becomes a bit figurative, yet the life-aspect of the situation is not one whit different.

Remember, further, that this proposed plan for the rational distribution of wealth constitutes, for the consumers, just such a Central Office as is relied upon in every factory for the exchange of intelligence between the diverse trades. In the factory the central office not only determines the rate and distributes the pay of each workman, but it decides, according to a simple balance of Supply and Demand, at what rate his raw material and his supplies must be charged against him. It determines the number of hours which each department must operate, in order that the equilibrium of the entire establishment may be maintained, and thus transmits to each workman a ready signal as to the world's demand for his particular sort of labor. It is this Central Office idea which we wish adopted upon a national scale of scope and authority, that in its dealings with each citizen it shall be responsible to the entire body of citizens, instead of, as now, merely to its several selfish selves.

Indeed, it is only to the fourteen per cent. of barterers that we ask to have the aspect of life materially altered in kind, rather than in degree. That the change, dictated solely in economic terms, will be one calculated to much

improve their mental attitude toward life, as well as to increases their productivity and their material enjoyment, it is sincerely believed. Yet the remedy will be of a surgical nature, demanding of them a renunciation of that which now is dearest to their hearts: barter. But our main argument, at present, is that the barterers are so much in the minority that their interests and their preferences cannot control, either to elevation or destruction, the destiny of the land. It is the prosperity of the greatest number which is our main concern. If we demand, to that end, a change which consists, essentially, of a mere removal of the brakes,—calling for no more motive power, as is now so continually being done by the discontented employers of the land, without specification of from what natural source it is to be expected,—but merely for a better chance for the action of what power we now have, certainly there ought to be little question as to the success of the plan.

In short, it is proposed to take the factory-owner at his word and to follow his own example. We propose to organize all workers, over and under both, as the employees of the community, in the same manner as he now organizes "his" employees. For it must ever be remembered that, if the policy so frequently urged by commercial men in speaking of public affairs, viz.: that the people's government ought to follow the shining example of the business-world, ought to carry on its administration in a business-like way,—if this policy were once seriously adopted by the people, *the immediate result would be that every barterer, every purely commercial man in the country, would find himself out of a job and without an income;* for the entire country would then be organized upon the plan upon which he now runs the factory-production in which he takes no part, in which he

permits not one iota of individual profit-making, nor even of profit-seeking.

The Growth to Be Released by the Abolition of Economic Dissipation. The result of adopting such a public policy is shown geometrically in Fig. 25. Therein DD is the curve of aggregate demand of the community, covering all commodities. The AS-lines constitute a series of supply-curves, of which the uppermost one represents the state of supply at the time the new policy is first put into operation. Since this reformation amounts to the elimination of all the items entering into the market-price from Division II, for all commodities, as the supply of each in turn becomes reorganized upon the new plan the curve of aggregate supply drops one notch downwards. When all commodities have been so treated the supply-curve, according to the data shown in Fig. 11, finds itself in the lowest position illustrated, at a height above OE of thirty-four per cent. of its original elevation (assuming that all other conditions remain unchanged in the meanwhile). The effect of these successive drops in mean price is immediately visible in the increased extent of trading in the market, which moves out from e_1m_1 to e_2m_2, and thus on to e_5m_5, in consequence. It is to be noted how each successive equal drop in the scale of prices results in a rapidly increasing jump in volume of exchange. But it is quite impossible to convey graphically the true expansion of trade to be expected from the drop in prices which would result from the abolition of competition, because the market is at present in a lower, more stable position than m_1; to portray it in its true position and then show a drop of prices to one-third of the present standards would result in a movement of the *em* lines so far to the right as to defy good portraiture. Either an enormous diagram must be

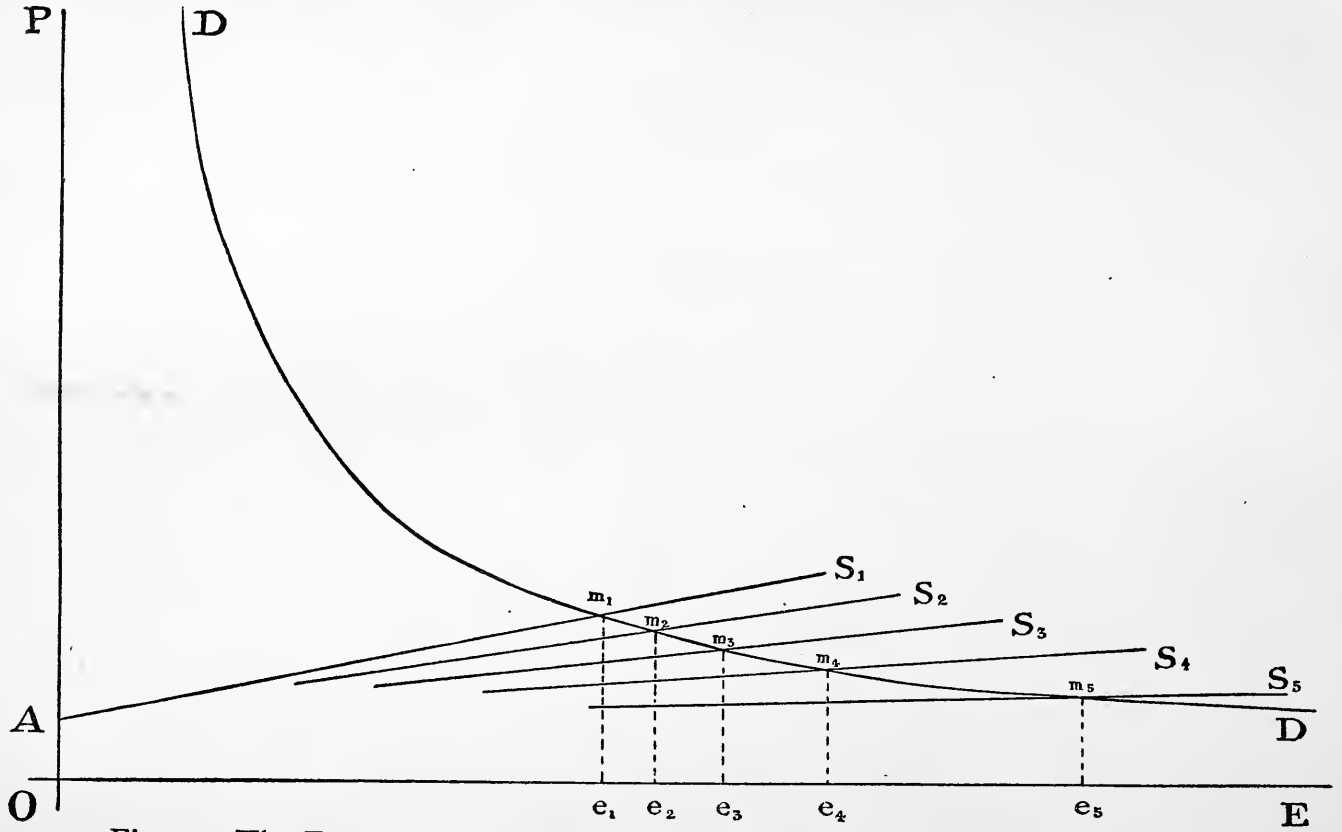

Fig. 25. The Expansion of Production and Exchange by the Abolition of Barter

used or else a scale so small as to cramp matters into invisibility.

The result of such a reorganization upon the country's volume of production, exchange and consumption, therefore, cannot be immediately expressed or comprehended in ordinary language. Just what increase in extent of production and exchange corresponds to a reduction of seventy per cent. (or more, if the step be taken not immediately) in average prices to the consumer, is not now known. The only thing certain is that it would be enormous. It would be very much more than unity divided by 0.30, or over two hundred per cent. It must be several times that, probably to seven to ten times as great as now. Nor is this tremendous prediction based at all upon the now supposititious but then inevitable increase in efficiency of the individual workman, based upon better demand for labor, better wages and higher standards of living; nor upon that of the productive establishments, based upon true consolidation, unification and a larger scale of production. Each of these, as Mr. Kipling would say, is another story. It is based solely upon the supposition that the energy and talent, the best of the country, which is now devoted to the dissipation of wealth, be diverted therefrom into productive channels.

It is entirely impossible either to imagine or to convey any adequate comprehension of what this means. Perhaps, by looking back to the time when the total volume of goods produced was only from one-seventh to one-tenth of what it is now, which is not so very long ago (about 1850), and contrasting with present standards the social and industrial conditions and conceptions then rife, some idea of the tremendous changes in our national life now imminent may be obtained; but only a very vague and unsatisfactory one. For whereas the last fifty years

have witnessed, incidentally to the expansion in production of wealth, a concrete change in social ethics only in the abolition of slavery, affecting chiefly a minor race, the next half-century is to witness a complete revolution in all civic science and ethical formulæ, vitally affecting the attitude of every citizen toward the body politic.

Nevertheless, the comparison of the primitive communities of 1850, lacking telegraphic communication, telephones, electric lights, trolley-cars, elevators and even, to all practical purposes as we know them now, railroads [13] and bath-rooms, the Mississippi River being the western boundary of accomplished civilization, with the size, the form and the speed of modern community-life, gives contrast enough. Let it be remembered that the bulk of the changes since then have been the result of purely material forces: not only those of mechanical ingenuity, but those of the economic management thereof, of consolidation, of organization, of unity of direction and of harmony of interests,—in so far, at least, as concerns the barons of barter whose colossal incomes have constituted the seal with which the past half-century's growth has been stamped into symbol and significance. Then will it appear possibly true that, compared with the changes in our social life and ideals (in outward material aspect as well as in inward essence), which will be inaugurated by the elimination of barter alone, all these which we and our fathers have seen are but as child's play. For the present it is enough to have proven that the purely industrial "boom" which will result from all cessation of this present search after "business," of trying to induce people to buy who need no inducement, who

[13] It was then a long day's task, and a very fatiguing one, with from three to seven changes of cars, to travel by rail from New York to Boston. Now five hours in parlor-cars and "diners" suffices.

are overanxious to buy, of trying to increase the volume of trade by restraining one's every neighbor from trade, of trying to swell the volume of trade by increasing prices, —in short, *the expansion of production, exchange and consumption which will result from all cessation of business,*—will be incomparably greater than any ever yet recorded in the history of commerce, past or present.

If the truth of these statements is not upheld by the analysis which has preceded them, then no amount of vague argument can avail to that end. Can anyone fail to believe in the coming of the change? Can anyone regard it as distant? Look at Fig. 12 (page 255), at the rate at which economic dissipation is coming to absorb practically all of our industrial energies, leaving daily less and less for production! Can the equilibrium be regarded as stable, even now, with a seventy-ton cap-stone supported upon a thirty-ton foundation? Does it seem firm, as you look at it, this social structure of ours; or is it not already visibly toppling,—not swaying bodily, as a unit, but obviously crumbling and cracking away from solidarity at every point of contact between man and man?

Or do you see now any sign of lessened speed of commercialization, as the years pass by? Is it not rather going faster and faster now than at any time in the last half-century? How long will it take, at the rate of growth plainly indicated, for this present seventy-to-thirty top-heaviness to become a case of ninety-to-ten, say; hopelessly unstable, its center of gravity far outside the middle third of the supporting classes, and to come crashing down in social revolution? Let those who choose try to count the years, or to discount them! Our fate is plainly imminent; near enough at hand, at any rate, to satisfy those who have been waiting long and earnestly for the coming of the Lord.

Yet more needs to be said to show clearly the connection between the economic analysis and our conclusions. Given, for instance, the adoption by the people of the plan just outlined and it cannot be shown that the most universal selfishness or lack of altruistic principle in human nature could operate to its negation. The possibilities for the abstraction of wealth from him who produces it, either directly or indirectly, reduce to a single line of opportunity: pure peculation. Of this we have plenty now: defalcation, embezzlement, swindling, burglary, robbery and petty thievery, in spite of the fact that the laws of the land declare against it. But in regard to it three distinct, fundamental things must be said before other questions regarding it can be considered:

(1) Its total volume of abstracted wealth is but a drop in the bucket compared with that regularly and legally taken from the community by Economic Dissipation;

(2) All of it which is classed under the heads of public corruption, defalcation and swindling is but one form of barter: the securing of wealth by cunning rather than by production, the persuasion of some weak cat's-paw to pull the chestnuts out of the fire. When public opinion and the law condemn the commercial forms of barter as well as the criminal forms, they will for the first time really discountenance the latter.

(3) All of it, whether classed under Paragraph 2 or otherwise, is instigated by a pressure of the needs of life against conscientious scruples, in the face of lack of opportunity, which is due wholly to the presence of barter and which will disappear when barter becomes illegal.

The truth of these statements is not now generally admitted. It is in this sense true that we do not, as a community-civilization, condemn peculation. We draw between the criminal actions of the hired cashier who

embezzles at the counter and the equally parasitical but publicly lauded actions of the hiring financier behind him, a distinction too fine for either the consciences of the ignorant and the tempted, or the intelligence of the analyzing sociologist, to gain any true guidance therefrom. Therefore we have to-day an enormously larger amount of peculation current than would be when both law and public opinion condemn all artificial fluctuation of valuations.

In this attitude public opinion is roughly just to the individual, although unjust to itself. Society, having once told the business-man that profit-seeking is all right, that the sole way to secure an income is to get everything in sight, no fundamentally wrong principle being recognized therein, should be neither surprised nor shocked if the rest follows inevitably. Governmental corruption is as naturally a part of the plan as is poverty and prostitution. Only, the blame having been removed from the shoulders of the tempter to those of society, as the true originator, it ought likewise to be lifted from the tempted. The anarchy, the no-law, no guiding-principle, which we have made the basis of our economic system should be incorporated into our criminal law also, if we are to be consistent, and all punishment for pecuniary crime be abolished. Indeed, the inevitable tendency in that direction has already been noted, as an actual fact of the present day. But to accept that fact without protest made effective in reform is philosophical and practical anarchy; with which, indeed, every man who upholds the settlement of prices by the duello of competition more or less unconsciously allies himself. It is the only rational and stable abiding-place for one who fails to see the criminality of all profit-seeking, outside as well as within the government, and to urge its expurgation from our legal organization of society.

The Effect of the Abolition of Barter upon the Individual. Accepting, then, the abolition of barter and capitalism as feasible at will, what will be the economic results perceptible in the life of each citizen?

First and foremost, the enormous expansion of the volume of trade per capita will inaugurate a tremendously increased demand for productive labor, including, of course, the arts and professions. While the return of the energy and talent now absorbed in Dissipation back to production will increase the natural aggregate productivity of the community, as measured in present standards, by some threefold, the extent of demand will increase by some seven to tenfold. For the first time in economic history the demand for labor will really exceed the supply. Wages, including the salaries and fees of the professions, will expand until they absorb the entire production of the community; interest, rent, dividends, barter-cost and profits will take nothing.

The alteration in the position of the producer relatively to the rest of society which will result from such a change is imaginable rather than definable. To-day he is a beggar for a chance to labor; " capital " is regarded as " giving " him employment. Being a beggar, he is not to be a chooser. Humility and gratitude are assumed to be his natural moral attitudes. He is a slave to circumstance or institution, if not to man. Nor is any opportunity lost for making him remember it: for when he does he meekly accepts a still lower wage.

The reversal of this situation, the " boom " in growth of self-respect, self-confidence and power which will swell within him when the demand for labor really exceeds, in every sense, the possible supply, belongs more to the ethical than to the economic half of the argument. But

in picturing future evolution it is very difficult to distinguish longer between the two. The economic side of life is going to drop so completely out of sight as a controlling factor, in anything like the insistent prominence which it maintains at present. With the aggregate purchasing-power swollen to three times its present volume, and for the individual producer much more than that; with every man, down to the veriest laborer, choosing between as many urgent calls for his efforts as there are now of applicants for a single job, the supreme master of his own destiny, unfolding his growth in intelligence, ability and taste to the limit of his physiological birthright; with the supply of the necessaries and the material luxuries of life become a morning's chore, disposed of in a few hours, a wholesome preface merely to the real day's work, then become quite super-economic; with the needs and pleasures of life no longer gauged according to the vain fashions of an arbitrary upper class or to the comparative acquisitions of one's neighbor, but become based upon natural tastes and desires—with all these things become the premises of our predictions, the unseen foundations of the later growth, what is to be predicted is no longer economics. It will be scientific, artistic or moral progress. The economies of production, then under unified control over the entire land, will have been refined beyond the present possibilities of the imagination, as the natural result of perfectly free and justly paid emulation; but the problems which it currently raises will have taken on a purely scientific aspect, no longer to be included under the word economics as we now understand it. Economics now means both production and the open question of getting one's pay for it, a tread-mill for the many, a gaming-table for the few. Production will then have become a pure science, largely an art, and the pay for it will be

unconscious of measurement, although much more accurately measured than now. Economics now means poverty and riches; there will then be neither, in their present sense. All will have the riches of comfort, competency and insurance; none will have the riches of wanton, unearned luxury. All will have the poverty of human weakness in the face of fate, the unending pathos of life, that poverty of spirit which we hope to "have always with us, that we may do for it what we may." None will have that poverty of opportunity which means penury coupled with either revolt or impassivity. Economics now means the questions as to the distribution of wealth; that will then be in God's hands, the material foods of life then apportioned by man according as He has allotted to each his gifts: of strength, of intelligence and of virtue, each its own reward. And if the spirit should prompt something further than that, the allotment to those who lack strength or intelligence of some extra material aid to the acquirement thereof, as we do now to the sick and the little ones, as an effort at compensation for their lack of better enjoyment, or if it be done even as thriftily profitable to the welfare of the state, why that too, thank Heaven, is no longer tedious economics, but divinity proclaiming itself at home in man.

As for the rest of economics, the buying in the cheapest market and the selling in the dearest, with all which that means, that too will have vanished forever. Corporations, soulless and mortal, worthy of oblivion, will have attained their natural end; succumbing to apoplexy or the gout, they will have crumbled into dust. The agents and the promoters, the commercial travelers and the walking-delegates, the sandwich-men and the curbstone peddlers, all of them poor Wandering Jews of modern stamp, awaiting not hopelessly His coming again in modern,

economic guise, knowing no homes but hotels and sleeping-cars, shop-counters and cheap lodgings, no religion but profit, no craft but cunning,—will all have found that Christ has indeed returned to earth and will have lain down to rest forever. The presidents and the treasurers and the financiers, of this corporation and that, the brokers of their securities, now no longer traded on 'Change, themselves no longer the field marshals of the war over valuations, general officers of a valiant army of drummers, lawyers, clerks and weary women-stenographers, armed all with paper weapons, arrayed in the majesty of a gilded puppet-law,—will have stolen away to lead a new life: the organizers now of real productive industry, true superintendents of the creation of Value, guiding minds to a work which is become at once an art and a pastime, a pleasure if yet a duty, a profit to themselves because a profit to all. Strife will then have given way to peace, organized individual pride to progress, private profits to patriotism and to preferment in public service, enforced antagonism to invited co-öperation. There will then be no more frantic advertising. The bare bulletins of occasional novelties will be issued by the true superintendents who manufacture them, bulletins as impartial as are now the weather-reports, and naturally more accurate.

There will then be no more spies, no emissaries, no lawyers, no commercial travelers to organize or direct for the enticement of trade. The people will come to buy what they want, and when they no longer want a commodity no one will be tempted to induce them to buy it; its manufacture will be discontinued, to no one's loss. There will be no more undercutting of competitors, no more depreciation of the other fellow's securities,—there being no securities owned by any fellow,—no more "slic-

Grant's Tomb and the Hudson River

"Let us have Peace!"

ing up the back." No more franchises will be for sale. No more railroad rebates will be inviting court. No more supplies of raw material will need to be corralled and monopolized, no more labor-unions to be combined against. Over the windows of the Profit-seeker's offices will grow the cobwebs of neglect and into his heart will slowly steal the conviction that for his life-avocation the advancing world has found no further use. With the declaration of peace his intensity of self-defense will soften into more generous sympathy with those in other walks of life; his bitterness, born of antagonistic interests, will heal into unconsciousness; the cynic or the skinflint will melt into a scientist, an artist or a philanthropist.

To him who regards the present feverish activities of the commercial offices of the congested cities as the soul and symbol of modern industry, all material prosperity will seem, in this picture, to have departed from the land and lethargy and decay to have set in. The grass will gather, be cultivated even, in lower Broadway, and Wall Street will be as quiet as on a Sabbath morning. Central Park will have grown to coalesce with the Battery, Manhattan become one vast public garden, dotted only here and there with the buildings housing the people's centers of administration, expressing the dignity and sturdy serenity of their united interests as does now the Capitol at Washington. The waters will run still, but they will run deep; no "business" will be done, but the people will be fed and sheltered and amused and inspired as never before in the history of the world. For in telephonic communication with these quiet centers of administrative intelligence will be the real productive centers: the factory-districts, now seeking more spacious territory than the narrow rocky island, the mines and the agricul-

tural regions. There will a very different prospect present itself: ACTIVITY unmeasurable, in present units at least, urged along by a steady, sturdy vigor of emulation barely suggested by our present fever of frantic competition: PRODUCTION upon an enormous scale, with supreme efficiency, all those who are now hindering then aiding in the work, so that by noon or after a half-week, in effect at least, all is shut down: INVENTION at a rate of which our present congested Patent Office can be but a bare suggestion: DESIGN of a beauty now unimaginable, the fruit of a nation's first free expression of free-grown taste, no longer stunted and poisoned by hired demand for pretension and pretense, by money earnable by the devising of sheet-iron architecture, Brooklyn-made "oriental" rugs and artificial palms, by men starved into readiness to do the most hideous things,—a taste no longer forced, in lack of any national unit-life pressing for expression, to borrow both ideals and themes from the phallic votarists of ancient Greece. Of noise and hurry and surplus transportation there will be none at all: at each factory the nation's store of that particular produce; near each city, but not in it, accessible to transport, a warehouse stored with the city's needs; in each ward or precinct a retail bazaar, a World's Fair in miniature, a modern department-store swelled like a popcorn, for supply of and in touch with individual needs. From these finger-tip perceptions of popular demand will go back to the local warehouses the requisitions for supply, no longer irregular, hesitating, spasmodic, based upon hopes of profit or fears of loss, varying with every fluctuation of the market, with every waver of capitalistic cowardice, but as steady as human needs, as strong as human hunger. From the city-warehouses, the nerve-centers, the requisitions will be passed on to the factories themselves, becoming impulses

to production still greater and more forceful, the integrations of such a myriad of local impressions, normally averaging the same. Thus will they reach the factory-stocks, themselves elastic and resilient, and result in productive activities still more steady and forceful: in single shipments of maximum quantities of goods, at most perfect periodicity, with the utmost directness of aim toward the consumer, with no unnecessary transhipments: as fruit, for instance, is now sent, since the coöperative organization of its market-intelligence: wheat being no longer rehandled ten times and sold and resold seventy times between the farmer and the seaboard, with what additional unnecessary complications before the finished bread passes the laborer's lips no man may hazard.

Of such productive industry as that there will be, in amount, everything which unstimulated, unvitiated human appetite can desire. Of conscious worry, care and overwork, in the fear for one's daily bread, there will be nothing at all. In its industrial aspect civilization will have reached the serenity of a strong middle age, the prime of life, the storm and stress of feudal barter relegated to the medieval nineteenth century and forgotten, the heritage of a dead past buried in that past. Man will have breakfasted upon the fruit of his industrial evolution. With that digested and forgotten he may first rise, in his divine strength, as a lion from its lair, for the true day's work before him: the unhampered conquest, by might of intellect and of faith coördinated and coöperative over an entire continent, of the natural obstacles of life: the unending interrogation of Nature in science, art and philosophy.

This is the duty and the destiny of man. Until he ceases his quarrel with himself and undertakes it he shall find no peace: social ulcerations shall afflict him to his distraction. To clear his hands to its undertaking, to ful-

fill the *devoir* which divinity and humanity have alike laid upon his shoulders, calls for the same simple formula which ended the quest for the Holy Grail: the giving of food to the hungry and of ourselves to the oppressed, in our united address to a single task: the national suppression of private profit-seeking, of the fluctuation of prices for the weak by the strong.

This is the Standard which this youngest world-power of which we are a part, the leader of the empires in youthful vigor and humane self-restraint, should be proud to raise before the present day and generation, to which will flock the Wise and the Honest from the uttermost corners of the earth, to the end that our national justice may be upheld and the human race furthered toward its final goal. Let once the banner be but displayed, and over the result need no man worry. The deed will be done in the love of man for man. "The event will lie in the hands of God."

VIII

ETHICAL SYNTHESIS

"THE HERETIC." [1]

"I love the Lord; I love my fellow-man;
Christ the gentle I adore.
And my soul's lowest whisper moves me more
Than hell or fears of dogma can.
What creed, then, or what church shall hinder me,
What power presumptuous place me under ban,
With love to God and love to man
And eager eyes on Christ of Galilee?"

IN the preceding discussion it has been pointed out, at each step in the argument, that the defects visible in society as it exists were in the greater part due to the presence of a single false institution. It was also incidentally to be inferred, from each step, that if this institution were removed the defect would disappear. This concluson is the *summum bonum* of any such an argument.

It is not possible to proceed further constructively and to say just what form of ethical growth will take place when the brakes are removed. We know too little about the great constructive force of growth; we know it only by its limitations. Nevertheless, it were well to inquire a little further as to what more general conclusions we are justified in claiming. Taking for granted the accuracy of all that has preceded, what light does it throw upon the ethical development of the race? What part of its

[1] William J. Long, in *The Outlook.*

present general aspect is owing to competitive action? What additional growth may be expected from the substitution of a complete system of coöperation?

In perusing the preceding pages the impression may have been gathered that the conclusions properly to be drawn were woefully pessimistic. The evils of society were pictured as distinctly as the ability of the writer would permit. Every effort, indeed, was made to convey, in the brief generalizations permissible, a strong sense of how dark our present civilization is on its dark side.

This does not imply, however, that the dark side is the only one, nor even the major one. But it does imply that there lies plainly at our hands, in the near future, the unpleasant task of a national house-cleaning, a political reorganization of a sanitary sort, removing gathering cesspools of waste and corruption and the more obscure origins of their infection,—in which work any glossing over or concealment of taint is the worst hindrance possible.

Bitter criticism will be aroused by the stand just taken, that the warfare of commercialism is irremediable except by the legal declaration of peace. It was stated that, since the combat is already on, is protected by law and is supported in principle by the great majority of citizens, it were better waged as fiercely and expeditiously as possible to its only possible end: its outlawry by statute, by constitution and by public opinion. In this way, and this alone, lies peace. Because of this it will be misstated that this argument favors strife. But it is those who clamor for immediate peace, regardless of unsettled *casus belli,* on the other hand, who are under responsibility to show that crying " Peace, peace! " will bring peace when there is no peace; that it will not, rather, bring more war: underhanded, desultory, indecisive, interminable war,

most profitless of all effort, instead of good, sharp, decisive onslaught.

To him, then, who has read more than the mere typography of the preceding pages, all this must have been obvious: that there lay back of them a firm faith that a wholesome evolution is ever in progress, that things have never been so well as now and will always be better in the future; that only in a single direction does cause for uneasiness lie. In that direction exists a downward current in the otherwise rising tide of human affairs. There the growth of a tumor upon the otherwise wholesome and vigorous body politic calls for prompt and thorough surgery; but the constitutional vigor of that body politic as a whole was never better.

Yet this optimism should properly be expressed more exactly. This is an age impatient of irridescent dreams: calling for accuracy and practicable details instead. Therefore the attention is called to these following definite ethical propositions as corollaries to what has preceded.

Let it first be recognized that the evolution of society does not follow the direction indicated by the conscious effort of its individual members. It was not conscious intention and effort on the part of the mid-European barbarians to supersede the Roman with a Western civilization which led to that result; they were merely after plunder. It was not effort looking toward the independence of the American colonies from British domination which accomplished that fact; it was merely a stand for minor rights such as we all fight for almost daily. It was not concrete, conscious striving after the abolition of slavery which attained it; it was not a deliberate plan for American expansion into the Pacific islands which brought

that to pass. In each case a few wise heads foresaw the ultimate result; but it was not they who planned or executed; they merely predicted, Cassandra-like, in the face of contempt and disregard. The people who did plan and execute, officially and in the ranks, were at the time trying to do something else. The list of illustrations from history may be expanded as you will; they will all corroborate one another.

Therefore it is also plain, if there be any parallelism in human cause and effect, that men are not to be brought to be good and happy by directly trying to be good and happy. Those who try to make others happy always succeed. They make them, many more of them than they had hoped, both good and happy; but by totally different ways and means than they had planned. The most futile of all follies is to try to make one's self good by puritanical effort, or to hope to persuade or induce others to do the same. The entire history of mankind stands in support of this. The reaction of the present century against puritanism is its current expression.

Let it next be recognized that history records no growth of human character in quality. Growth of some sort, of course, there has been, continuously. But there is no sign that the elevation of the individual human character has undergone any permanent enhancement with the passage of the centuries. In the early periods of English history, in the earlier Continental barbarians, in the first stages of any of the previous Mediterranean civilizations; in the semi-civilizations of the Aztec and the Oriental races; in the savage tribes of North American red men; even in the higher orders of lower animals: the peaceful horse or dog or elephant or the fierce, carnivorous lion,—in any of these layers of life the more prominent individuals are marked by characteristics which we spontaneously

and unqualifiedly call noble. King Alfred or Bishop Anselm we are forced to place upon a perfect par with Abraham Lincoln or Phillips Brooks. Nobility of character, the only touchstone by which can be identified the highest development of life into true naturalness, is entirely independent of accumulation of intellectual attainments, of degree of development of industrial efficiency, of absence of bloodshed, or of refinement of æsthetic sense.

There have been ups and downs, of course, in the history of character. If one should compare the average Italian of the sixteenth century with the average Anglo-Saxon of to-day the inference must be that there has been enormous progress. Then all was luxury, self-indulgence, worldly ambition, intrigue, faithlessness and dishonor; assassination and sexual incontinence were the two most prominent social institutions. But it was not always so with this place or race. Go far enough back in the history of Rome and we find the national character as high, if not higher, than is our own to-day. Simplicity, earnestness, industry, generosity and the highest ideals of duty and honor one may draw from their records.

So it is with our own race: if we follow back the history of our forefathers to the days of Bede and of Chaucer, if we wash off the blood and the mud of a rough and primitive age, in close contact with the problems of animal existence, vigorous and violent, we find beneath it the utmost purity and elevation of character. Then generosity and chivalry, loyalty and honor, moral courage as well as physical, and a high faith in the invisible, stood out in clear bold lines. No cowardly creed of accumulated rules of conduct overspread and dimmed the hard outlines of grim-visaged duty; no intricacy of social organization veiled the plain responsibilities of the indi-

vidual to his fellows and to his God. Their ideas of culture and refinement would hardly pass on Beacon Street to-day, but their standards of true manhood would be hard to match in New York or Washington.

So widespread is the idea that growth, the universal avocation of all living things, includes growth of nobility of character that it is necessary to include this denial in the premises.

Plain above all things is it, however, that something has grown. If not character, then what?

Three things: (1) Numbers; (2) Institutions, or the method of association of these numbers; (3) Refinement. Taken collectively: Complexity of relationship.

Of these three the basic one is Institutions. It is in these alone that continuous evolution is visible. Upon the stage of their growth depends the advance in both Numbers and Refinement.

We look back upon the fires of Smithfield with horror. Why do we regard them so differently from those of Mississippi and Delaware? Then was associated with them the highest ideals of faith, courage and constancy to duty which man has been able to attain: men and weak girls going praying, even singing, to the stake, sons encouraging fathers, and wives husbands, to be true to their ideals though the flesh be consumed in torture. What have we to-day to compare therewith? What do our charred and bloody stakes herald to the world? Weak, passionate, ignorant self-indulgence on either hand: of lust originally, in the victim; then of cowardly fear when the retribution comes: of shameful vengeance, brutal malignity, rejoicing in every association with the work, on the part of the lynchers. Not one atom of nobility, of dignity, of exaltation in the entire proceeding!

Wherein can there here be found any sign of progress?

Simply in that then the stake was a formulated, accepted institution of the land; now it is the remote and incidental fruit of an institution. Then Bloody Mary was enthroned; now there is almost a price upon the head of Judge Lynch.

It is not at all the present purpose to launch into a development of this triple-headed outline. To do so were to undertake a volume on the evolution of the human race. But it is necessary, before anything can be said as to the effect of barter, or of the future lack of it, upon individual ethics, to point out these fundamental propositions concretely. They cannot possibly be understood and used constructively upon a mere bald statement of them such as the present one; but they can be formally eliminated thereby from our argument, by relegation to the premises. In these pages will be found nothing except what is consistent with them. If sympathy be expected in the following argument with the vague, popularly prevalent idea of human evolution as a slow current, in which the individuals of the race move side by side from a remote past of bestial and malignant ferocity, or true deviltry, to a roseate but remote future of pink cloudland inhabited by serene and benevolent (but quite idle) angels; if any encouragement is expected for the belief that in this current those who are ahead are those who started first or those who pressed forward most diligently and properly, —then let that hope be abandoned and the book closed. To such as feel in this way only the primers are open; their education in sociology has not yet begun. This is neither a primer nor an album of iridescent dreams (although it will be called such). It is a study in cause and effect.

For instance, I note, in an editorial in an able weekly sheet, the walking-delegate referred to as " in a barbaric

condition which is simply one of the stages of progress from brutes to something better." Nothing could express the popular idea, among the people who worship profit-seeking, better than this. Here is this walking-delegate. He is one, it says (most charitably), because he has not yet learned better than to be one. Formerly he was something worse: of that race of criminals, we must suppose, which is so rapidly and so obviously becoming extinct,—except in statistics. Perhaps he is descended from a real devil. Two centuries ago people, the best of people, believed in them: with hoofs and horns, with forked tail, blazing eye and a smell of sulphur. No doubt there were such things then,—for there must have been something far worse, according to this philosophy which I condemn, than anything we know now,—become extinct since by evolution into the higher forms of life: probably first into less malignant banshees and hoodoos; then into plain criminals; then into walking-delegates, trades-union presidents and socialists; then (since these latter also are plainly becoming extinct) into good, submissive never-striking working-people (who are at the same time plainly upon the increase); finally to emerge at the top of the ladder, when the centuries have reached the end of the roll and the millennium shall have come, as captains of industry or of finance, or as brilliant corporation-lawyers. There and then shall appear the highest, the divine type of PERFECT MAN, golden-haloed, crowned with a wreath of coupons, symbol of triumph over evil; amidst most radiant surroundings: endless cloudland, vaporous with the accumulated moisture of past ages of toil, surcharged with profits, roseate with the eternal effulgence of endless dividends,—wrung from whom and resting upon what source of radiated energy not being yet explained or specified.

O wonderful Golden Age! all dividends and director-

ates, with grimy, repulsive, productive labor non-existent, not even needing to be kicked or cursed! Beautiful, iridescent dream! Alas, to think that it is an iridescent, a lurid dream, that it must be abandoned for a prosaic regard for cause and effect, for shackled subservience to natural law, such as of conservation of energy; for submission to other laws, such as that of Form: that all life is molded, inexorably, by its environment into what it is,—into knight or villein, crusader or saracen, if the century be the twelfth, into pirate or puritan if it be the seventeenth, into walking-delegate, promoter, captain of industry or other commercial creature if it be the twentieth, each hired to become what he is by the form of his own times, each bred and fed by some temporary institution,—the only alternative to existence, as any individual may find it at any moment, being non-existence!

No, life is not a limpid current of progressive individualism, flowing peacefully from spring to ocean, from muddy source to crystal destination. Life is the tide from the unmeasured deep itself, rising, in obedience to forces we cannot comprehend, from original depths of pure unfathomable formlessness, to well over the virgin earth and to be molded thereby into things definable and measurable; to know for the first time Form and Progress, Up and Down, In and Out, Clean and Muddy. In that gross tide individual men are but the fluid atoms, striving each endlessly, but each yet borne on helplessly; each one incompressible, elbowing the others, exerting his proper fluid-pressure outward, never for one instant abandoning his activity in action and reaction; but nevertheless always fluidly balanced, ever in turbulent whirlpool-equilibrium; tossed upwards as another goes down, depressed as another rolls up over him; now at the top, rejoicing in the glisten of foam, in sunshine and rainbow-colors, tossing sport-

ively, boasting freedom and superiority,—but very light and volatile, possessing no real effectiveness, evaporated in the first warm wind; now at the bottom, in eternal gloom, under fearful pressure, supporting the rest thereby, moving only slowly, in long swells, in enormous volume, with irresistible energy, tossing the visible steamships far above with its invisible vigor, the seat and the store of all potentialities, but existing eternally in silence. Now life flows clear and pure in the central current, rejoicing in freedom from temptation; now it rolls soiled and turgid, crowded upon the muddy shore, squeezed into fetid inlets, absorbing sewage, doing the world's endless work of cleansing: which is done always by absorption, by living and by dying polluted and despised, for the sins of others.

In all of this the environment which forms and guides and molds each mighty current, each struggling vortex, each tiny ripple, is the system of channels which it itself, in the ages of the past, has carved from the solid earth. In man these channels are his Institutions, chiseled in the past from the flinty foundations of existence, with many a weary blow, many a fiery spark, with unending combat; modified now by the reaction from each twist and turn they give him, but in the main shaping irresistibly the destiny of the race and of the individual.

So like unto the rising tide, invading and overcoming the land, is man, as history reveals him: never twice alike, yet eternally the same; always, as an individual, cast back upon itself defeated; always, as a race, ultimately triumphant over the material obstacles which oppose and fret him; seething with currents ever, lashed by storms, progressing by waves, antagonistic, crest towering to meet crest, cavernous troughs intervening to maintain equilibrium: which

last, since crests alone are desired, is so very hard to understand, so very reprehensible.

In this vast sea of fluid-life, permeated with energy-transmissions and transformations, no form arises inexplicably, without commensurate and irresistible cause. The primary guide to its understanding is the law of the conservation of energy. Every college-graduate knows the letter of it. How many know the spirit of it? How many statesmen do? The secondary guides are the further laws of energetics. They should constitute the fundament of every university-course in sociology.

In lack of these the world's attitude toward human nature as visible in sociology is much as that of man toward ghostly manifestations: superstitious. Perceiving something uncanny which he cannot understand, because he cannot identify the cause, he concludes: "That is a fearful ghost!" He so reports it to the world, which shivers in response. So the ordinary thinker, the jumper-at-conclusions, the man most frequently heard and read, perceiving some untoward social phenomenon, some walking-delegate, some trades-unionism, some violence, some momentary lack of equilibrium in the social vortex, which he does not like but which he is too stupid or too lazy to explain, exclaims: "That is natural depravity; that is original sin!" and the complacent, self-sufficient world shudders in sympathy. Only once in long does the wee small voice arise and say: "That is thine own handiwork. Into such turmoil have you stirred God's footstool."

Quite different is the attitude of him who believes in the law of the conservation of energy, knowing that nothing comes from nothing, that every form which arises before our eyes is forced into existence by an original nucleus and a favorable environment. Perceiving the uncanny or the unpleasant, he says to himself: "That

must have some explanation, some material, commensurate, previous cause, only by removing which can the unpleasantness be abated. Therefore, although I cannot yet identify the nature of the thing or its cause, will I remain in peace of mind. There are no ghosts." Perceiving the social perturbation he says, in similar strain: "Original sin? Nonsense! That is a child's subterfuge, a mere easy name for the real cause, offering nothing toward progress to a solution. There is no original sin, in the sense of a thing unknowable and irremediable. There are wrong relations between men,—relations not chosen spontaneously, giving no evidence as to their human nature or their natural attitude toward one another, but assumed at the dictates of custom or law,—which produce friction, heat, distortion; which warp into walking-delegates or commercial travelers or "grafters" or promoters, men who would otherwise be useful citizens. When I can, I shall ascertain which relations are wrong and shall change them. Until then let me reserve my judgment and hold my peace."

So now do we see, having approached the topic in this attitude of mind through chapters of previous analysis, that there is a quite visible commensurate cause for the greater part, if not for all, iniquity. For the rest we may reserve faith; but of this we are palpably, absolutely sure:

That all want, the great bulk of all crime and an enormous proportion of all sin, sorrow and ugliness, are the inevitable fruit of a single artificial and irremediable, but destructible, institution: BARTER.

This institution we have inherited from a brutal past, when it was originally useful, into an age when its anachronism is the germ of all social disease; and the

symptom of social disease is individual sin. It is the duty of the twentieth century to rid us of this burden. No pulpit, no missionary, no rostrum, no university-chair, no independent press, may boast of furthering secular aid to moral progress which does not aim its work, more or less directly, to this ultimate goal. When it strikes in that direction it can be absolutely certain, for the first time, that it is decreasing the sum total of all sin and suffering in the world.

This is rational optimism. Such would be true constructive sociology. Hitherto has been only blind groping, after facts, after accumulation of past accomplished facts; no adequate explanation of the past, no accurate prediction for the future, no guidance in doubt, no fundamental faith, no universal principles. As preliminaries, all these facts are necessary, no doubt. But if their fruit is to be only knowledge of what is not, of nothingness, of doubt and skepticism, of conservation of all which we now have, whether good or bad, because of fear to take a step forward off the beaten path,—if it is to breed only fear, paralysis and depression of spirits,—then it were better not to have been.

Huxley says that if all which science might be expected to bring to us were its accumulation of material facts, if it had to offer no hopeful deductions, no broad principles of truth, extending far beyond our microscopic selves into the material infinite, it were better for the human race, as well as for science, not to have been. If such were the ultimate achievement of the Baconian philosophy and its resultant civilization, the race might better commit suicide at once. For its facts are terrible ones: recording chiefly struggle, disease, suffering and death. The population is greater because of its aid; the death-rate is less. But

there seems not to be one atom of decrease in human suffering—of mind, at least, if there has been of body.

If all that sociology has to lay at our feet is vast heaps of statistics; of births, deaths, dollars and crimes, lugubrious Malthusian doctrines, brutal survivals of those most fit to bargain,—if it can find no hope, no certainty, of aught else or better,—then it, too, were better to pass away at once into interminable oblivion.

If all that religion has to bring to us is exhortation, to fight on endlessly against the burden of an original sin to which we were condemned unborn, unsinning, if all it can give is the consolation of endurance in prayer, then also were the suicide of religion better. For the religious statistics, too, are depressing. Take each man away from his fellows, like a grain of sand separated from a pile, and what improvement does he show, on the average, after all these centuries of Christian influence? Do not the statistics show as much sin and crime as ever? Are not the missionaries more active than ever, abandoning Borrioboola-Ga until Mulberry Bend shall have been somewhat improved? Has there been any improvement in average rectitude or strength of character?

To ask this question, most seriously, is not pessimism. Even to answer it negatively, as has been done here, is not pessimism. To be really pessimistic is to assume that these are the only lines in which progress is possible; for it takes little agument to show that along them there has been no visible progress in the past. True optimism is to show that this is true, but to also show that there are other lines in which progress is easy; that is, as easy as wholesome life ever is.

What social progress man has made, aside from the accumulation of material knowledge, has been in the evolution of his institutions, in the development of his

legal relations with his fellows, in the gradual substitution of political and industrial coöperation for mutual antagonism or ignorance, whereby greater numbers have been enabled to live and be reasonably good, whereby his weaknesses and his vices, although ever present, have become less effective against his own and his neighbor's happiness, while his higher tendencies have become more and more effective toward peace and plenty. Men have been exhorting each other, in oration and sermon, to be unselfish ever since history began. But man has become unselfish, as the centuries rolled by, not in proportion to the amount or intensity of exhortation applied, not by any alteration in the internal physiognomy of the individual, but by and to the degree in which institutional environment has permitted and incited the unselfish to survive and to possess power and has condemned the selfish to extermination.

There is no more possibility of cure by prayer or exhortation in ethical delinquency than there is in physical illness; there is no more Christian science in morals than in medicine. In each, faith and courage play a very important part, in the aid they lend to the one fighting for life; but in each sort of fight, while praising God, one must keep one's powder dry. It is the chief office of this Second Part of the argument to supply this necessary factor of faith in sociological thought, to assure that cure is possible, is certain,—in the face of what seems an almost universal lack of any such faith among the most prominent in the land. Without it statistical facts are dead and useless—as useless as is surgical aid to a man who does not wish to live.

Absorb, then, this faith: that if the hard-headed executive people of the world will only adopt the lesson of this economic analysis, most cold-bloodedly even, and effec-

tively abolish barter, the utmost in the way of ethical development possibly to be hoped for will inevitably result. Give all men bodily comfort and mental peace,—properly to be attained only by hard, earnest work of a useful kind, but to be thoroughly assured thereby,—freedom to work profitably, to marry deliberately, to choose, to study and to grow somewhat, in mind and body; to develop, in short, both muscle and intellect along natural, spontaneous lines; do this and you will unavoidably have produced in them the highest possible moral development. It is already too long that we have said to ourselves: "Go to; let us be cultured!" with a headlong plunge forthwith into Ruskin and the Mahabharata. We are beginning now to learn that it produces only self-consciousness and superciliousness. It is much too long that we have said to others: "Come, thou! It is thy duty to regenerate and develop, to become appreciative and creative"; with a helpful upward yank, when response seems slow, by the scruff of the neck; by means of missions, college-settlements, presented art-galleries; by boys' clubs which discourage fisticuffs and shop-girls' leagues offering no dancing, no young men, aged Sir Herbert and Sir Matthew being supplied instead; by all sorts of social porous plasters, poultices and hot baths applied externally and gratuitously to the body politic,—in place of moderate hours, good food and fresh air, instead of the self-respect which grows only from reliance upon self for support and for amusement and from privacy of exercise of taste. For those who supply all these medications it is well, in lieu of some better God's-work. It takes them a bit out of themselves, albeit leaving a mighty taste of self-importance, of righteous beneficence, very far from true devotion, in the mouth. For those treated it also accomplishes something, chiefly in the way

of distraction: a counter-irritant to their other ills. Of true, natural, wholesome, permanent development it brings not one atom to either party.

Why not reverse the plan? Why not remove from the necks of these people the burdens which we ourselves have placed there, which are bending and breaking them until they need external support? Why not remove the pressure which grinds out all leisure for a more spontaneous formation of mothers' clubs or for learning that they are unnecessary, all taste for spontaneous reading or seeing, all spare cash for the good things of life, all quiet wholesomeness of selection in even those things which are attainable? Why not let them live naturally, under what pressure against an unconquered natural environment the Lord has decided to be wholesome, producing only keen zest for its conquest,—not under any artificial pressure whatever from their fellow-men,—and see if life will not bud spontaneously, rapidly; a bit crudely, at first, perhaps, unabsorbed cotyledons being somewhat prominent yet, but turning with true instinct toward the sun and toward support for climbing; demanding libraries and art-galleries faster than we can supply them; leaving us no time for the issue of invitations, for the declaration of drafts, into the "volunteer" army of seekers after Culture; even pushing us soon for our supremacy in these matters, showing clearly that tumultuous crimson blood is more creative than our thin blue stuff, that our universities and our canons of taste exclude, rather than breed, rising genius; that altogether there is a newer, higher order of things in store for the human race, to come out of the vigorous and the unlovely, than is dreamed of in all our pedantic, condescending philosophy?

To sow the seed for all this is the office of economic

analysis. Ethical development may arise only from economic forces. Accomplished ethics become valuable only in creating again economic results. Between butterfly and butterfly must always intervene the worm. No like produces immediately like. No form of energy can create its own form: a double intermediate transformation alone can bring back the old source into new product of a like but higher order. It is a fundamental law of all Form. The pendulum must always swing, swing, swing: from high to low, from low to high; from egg to swan, from swan to egg; from infantile barbarity to adult beauty, from the dignity of whitening hairs back headlong into childishness, decay and the travail of renaissance; from struggling conquest of a virgin land to affluence, leisure, science and art; from immortal schools of Olympic genius, recording generations of life, of experience, of strength and pathos in incorruptible monuments, back again into barbaric chaos, into medieval death and darkness: grim witnesses to a nation's death, repulsive incidents to a People's birth.

"June, December; December, June!
Hast thou, then, no other tune?"

Cannot the roses of summer cease to fade, can they never sow themselves from the blossom, in the air and sunshine, without recourse to dead seed and the cold, dark earth? Must the winter ever intervene between flower and flower? Can art never perpetuate itself as art, by artistic effort and inspiration, blooming perennially, accumulating ever? Is it really true that the study of the beautifully produced can never produce the beautiful? Is it relentless, this law that art is but the expression of life, coming always *after* life, as a fruitful blossom, strong as the life is strong, as beautiful, as fascinating, as seduc-

tive as the strong life which bred it is repellant, hard and self-sacrificing?

Is it, then, inexorably true that ethics never breed ethics, that high moral growth comes only after high material prosperity: not the fever of high prices and over-confidence now known by that name, but true prosperity for all individuals, of work enforced but not overstrained, of bodies fed and warmed but not gluttonized, of certain shelter from all human attack but not of pampered fear of all contact with the winds of Heaven? Are all sermons, exhortations and ideals really futile, then, except as they remind us to respect human liberty?

Such is the law. Those things which we seek we must turn our backs upon. Not in romantic knight-errantry is rewarded the quest for the Holy Grail, but where the giver gives himself to the destitute and feeds the Three. Not in crusades against Jerusalem is found the Christ, but in homely daily tasks well done.

> "Hew the stone and you will find me.
> Cleave the wood, and there am I!"

Not in the schools and art-galleries is to be found the true creative genius. Every artist has had to flee them before he began to succeed, to learn even. The great builders of science and philosophy have ever risen over them, not by them. Only from reverent study of brute nature at first hand did genius ever arise: mighty, creative, immortal.

Further, this relentless law itself is the sole foundation of the highest human development. The highest thing in man is faith. The seed of faith grows in temporary darkness. It is in the night that we learn to await the dawn, in January that we appreciate July, in storm that we are reminded that the sun always shines.

Not that unillumined adversity is the sole food for growth. If unending light never breeds faith, unending darkness kills all hope. It is neither in the perpetual summer of the tropics nor in the endless winter of the poles that the highest life blossoms. It is where the alterations are the most frequent, sharp and varied, where day and night, summer and winter, hill and valley, sea and land, work and play, industry and art, alternate for each individual in the greatest diversity, that the highest civilization arises.

Where the alternations are the most frequent there are the transformations most frequent and varied: from rest to exertion, from warfare to decorative art, from ugly crudity to refined beauty, from ethics to economics, from labor to faith,—there the swings of the pendulum beat forth the fullest life. Each double swing, each transformation and its reaction, constitute one step upward toward life's highest goal. Only through such oscillatory escapement does the pent-up energy of potentiality for life find visible motion and measurement.

Therefore has this lesson been presented in double form, for adoption to what extent one pleases, yet with equal certainty of final result; treating first of bare economic forces, sure to blossom into ethical fruit, if once planted, in Part One; of forecast of such fruit, of helpful watering of the seeded soil, hastening and facilitating growth, forefending stunting or distortion by too violent contact with resistance to expansion, in Part Two. Taking the two portions together, this simple little moral do they point and have pointed repeatedly:

That mankind, to a degree far greater than has hitherto been supposed, is as good as it is permitted to be;

That at all times some individuals are forced to be bad and some are permitted to be good;

That the forces which coerce the bad into their wickedness are set into motion, unconsciously, by the good;

That, therefore, ignorance is as much a sin as is malice;

That, therefore, most rigidly is it true that each *is* his brother's keeper;

That economic forces, constructive or destructive, always produce ethical results correspondingly good or bad, and that they are, indeed, the only source of ethical results; that ethical results react to originate economic forces; and that, in finality, ethical forces are ethically valuable only within the individual in which they arise,—lending him happiness but no one else, they being non-transferable, non-negotiable and perishable with him: in short, not a social phenomenon at all, but an individual one, illumining the few about him with a warmth of moral glow but leaving in outer cold and darkness the millions reached by his economic acts. The only social ethics are those aimed at the economic betterment of all other individuals, impartially; the only social economics are those calculated to produce ethical good. In other words, that preaching to men to be good and industrious will not make them, as a body or to a greater fraction, either sinless or productive; but that by giving to them the chance to be industrious, and with it the full product of their toil, they will become highly productive, while the goodness will take care of itself.

The welfare of the community is the only object for each man's efforts which may effect results, either for the community or for himself. So long as he seeks his own ends he must inevitably fail of attaining them. So soon as, and as far as, he casts in his lot with his fellow-men, in his week-day acts as in his Sunday professions, not to the subdivision of all property but the opposite, not

abandoning that individual control of his own deeds which is his god-head, nor that control of the things he needs to do with which is his mundane right, but *of the fruits of his toil,* casting them all into the common fund and taking from it what the community's sense of justice says is his, placing his faith where Jesus of Nazareth placed it and taking no heed of what he shall eat or what he shall wear beyond taking all heed possible of what the community shall eat and wear, placing his faith in a just remuneration for what he does where Washington and Lincoln and every other patriot, down to each private in the ranks, has placed it since: with the people,—then and to that degree, and not before or more, shall each and every one of the people be fed and clothed and amused and inspired as never before in the history of mankind.

For such is the case to-day. Seven-eighths of the people do just this thing, patiently, ploddingly, with faith, resignation and a wonderful measure of content, doing what is laid to their hands to do, taking as their natural reward what is awarded to them,—and accomplishing, in all this, all productivity of material good which is accomplished anywhere. Human nature thus proves itself to-day entirely capable of doing all which has just been called for. The only flaw in the present result lies in the fact that these altruistic laborers comprise only seven-eighths of the whole, that they accept not what the entire community, but what the other eighth, awards to them; and that the other eighth, comprising the most capable in the land and representing seven-tenths of its industrial ability, being richly hired and strenuously applauded for doing very differently from the altruistic masses, does take all heed of what it shall eat and what it shall wear as individuals, with no thought of the welfare of the com-

munity or of any responsibility therefor. But it does so only because it knows no better way, and not because of "human nature," not because it wishes to; and when once shown that material as well as spiritual welfare lies in the opposite direction, will offer little resistance to leaving its wearisome, luxurious strife.

This, then, is the lesson of unfathomable hope to be drawn from an analysis such as this: that to rid the world of sin and sorrow we need no longer rely upon exhortative reformation of the individual character. For centuries that process has been furthered with all the zeal of the saints and martyrs. In so far as it has found expression in the christianization of our political institutions, in the foundation of our common law upon the principle that all men are brothers, it has borne rich fruit; it has been, indeed, the keynote of the progress of civilization. In so far as it has confined itself to its declared purpose, the reformation and exaltation of the individual spirit, its fruits are almost invisible. In proportion to our material prosperity, to our fair chance to be good, there is now more crime, more sin, more laziness, more poverty, more unhappiness and a greater lack of common faith abroad, among the individuals of the Christian nations, than there ever was before; at least, there is no less. If our modern hospitals, asylums and organized charities bear witness to the growing Christianity of the state on its one side, the slums and the "Tenderloins" bear heavier witness that its growth is incommensurate with the growing need for it. If evangelism is raising hundreds out of crime into patient submissiveness every day, economic pressure is daily crowding down thousands out of contentment into revolt. If evangelism, if direct appeal to the individual's moral control of his own acts, is our only hope for progress, then are we hopeless; humanity

must have already reached and passed its zenith and be now sinking slowly into senility and decay.

But evangelic exhortation is *not* our only hope. It is not even any hope for more than staying the downward drift, for the active progress of the race; although it may be for the momentary comfort of the individual, teaching him more patient endurance of unnecessary pain. It is because we have been expending our best striving for a higher life in that most mistaken of ways that our progress has been slow or backward. It is because we have sought too diligently for the mote of sloth or malice in our neighbor's heart, and too idly the beam of willingness-to-barter in our own, which has caused the trouble, which explains how the beam grows daily larger while the mote remains no whit less. It is because we have thrown to the winds alike the teachings of the Nazarene and of evolutionary science that we grope and stumble. It is because we have mistaken man as the sovereign of his environment, whereas he is its creature, that we have failed. It is because we are judging others, instead of devoting ourselves, that comes now the judgment heavily back upon us.

But the failure is full of hope; for to address one's self directly to the reformation of the individual is admitted, from an instinct born of centuries of untoward experience, to be a most discouraging task, fit only for those who know not only how to die but how to fail endlessly, to combat "original sin," fit foeman for a Deity. But to address one's self to the reformation of an environment, impersonal and non-resisting except from inertia, calling only for industry, intelligence and some faith, for address to the intellect rather than to human nature, in order that first the institution and then the individual may be reformed, is a task full of hope.

When the progress-loving world once really sets its hand to this true throttle of ethical motives: institutional economic environment, and opens it, then will be, not the millennium perhaps, but certainly the greatest single step toward it which the world has ever yet seen actually accomplished. For not only is there here in this country to-day a surer control of institutional environment, in the freedom of political life of which we are so proud, than ever existed anywhere before, but its effects shall spread abroad, like a tidal wave, over a vaster concourse of peoples than might ever before have been reached. It is not only that what the American nation once spontaneously undertakes is done with greater speed and thoroughness, and upon enormously larger scale, than history records elsewhere. It is that the fruits of her might and right can no longer stay at home. With all the material instruments of bond between man and man, with the railroad and the steamship and the telegraph firmly within her grasp, with that commercial and military preëminence which makes them effective already hers, with a population already pressing hard, in its lusty growth, against the confines of country and of conscience, this vigorous young Republic possesses a greater potentiality for the development of world-wide material prosperity and moral welfare, by the proper application of her skill and energy, than has any other single Power upon the globe. But not in the odious comparison of horrid war is this superiority to be demonstrated. It is in her superior courage in demonstrating the fitness of peace, internal as well as international, to survive over war; it is in her greater firmness of democratic faith, in her willingness to rest her national fortunes upon these synonyms, love and justice, as a foundation, upon the absolute equality of each man in his institutional relations with all other men. It is in

her command of these principles of conduct of national life, already formulated as the basis of our constitution, already preached in every Independence-Day oration and already denied each morning by each profit-seeking citizen before the cock crows twice, that she is to prove her peaceful command of the later, really civilized world. In Venezuela, in Cuba, in China and in Manchuria she has stood and is standing courageously, consistently and firmly for liberty of natural growth: the one world-power most effective as to actual result, no matter what might be the outcome of supposititious war, of all the scheming others. Within the last six years, in spite of inevitable mistakes, she has made not only a new Cuba and a new Philippines, but a new Spain and a new Pacific. Within twenty-five years she has helped to make a new Japan,—a Japan which has challenged the admiration of the occidental world by the marvelous success attending its adoption of western science, coupled with a patriotism too pure to copy western commercial examples, a Japan which already suggests what America may be when its commercialism is eliminated by the abolition of barter. There are even now indications that she may have been able to preserve old China and to effect a new Russia, —a Russia soon to be equipped with a constitutional government born of wholesome failure without and within and now for the first time really started toward an honorable, healthy prosperity.[2] Situated as is the United States, topographically and ethnographically the center of the West, facing Occident and Orient on either hand, compounded in her blood from Latin, Teuton and Celtic races, no single flag covers anything like the infinity of possibility for development of national self and for peaceful, beneficent influence over her independent and dependent

[2] Written in the summer of 1903.

neighbors as does our own. No flag represents anything like our possible unity of purpose to accomplish this thing.

The socialists dream beautifully of a unified human race. Their red flag of one common blood symbolizes the noblest ideal now offered to civilization for comprehension and adoption: a world of peoples embodying in their political relationship the brotherhood of man. But the first step toward its realization is a unified America, a national home for true harmony and true liberty,—for a harmony of material as well as political interests, for a liberty of hand and home as well as of tongue and ballot,—a house of Columbia no longer divided against itself by Barter.

EPILOGUE

TO those who have labored with the author to the end of these many pages and have picked up somewhat of their spirit, it may be of interest to note the history of their origin.

In 1889 the writer was living in Boston. He had read Edward Bellamy's "Looking Backward," and it had set him to thinking. Indeed, he had already been considerably stimulated to serious thought as to the social problem by the reading of Henry George's "Progress and Poverty," and now this added light upon the extent and depth of the evil called for prompt decision as to what attitude was to be assumed toward the question: whether it was to be considered a "calamity-howl" or a tempest in a teapot, or to be regarded as as big and as urgent as it appeared to be. As a means to this end a day or two of vacation was taken, at the shore, with one's back on the sands and one's eye on the clouds. At the end of that time there was no longer any doubt: it had become painfully clear that the spirit of competition (for the fact of it was already familiar from commercial experience) was that of the prize-ring, or worse. Another fact had also become clear, and that was that the writer from that time on was enlisted upon a campaign for its extermination.

The publication of "Looking Backward" had led to the formation, in Boston, of "The First Nationalist Club," to be followed rapidly by many others, and to the publication of the monthly magazine, *The Nationalist.*

With this movement the writer naturally came into contact, and allied himself with interest. The movement did not last long, however. Its aim was good and its work was good, but it was ahead of the time destined for permanent results, or even for continuity of method. It broke the ground, supplied the inspiration and revealed the popular willingness to respond; but it failed to offer a concrete programme capable of immediate furtherance. Its body soon fell away, but its spirit went marching on.

One day during that winter I returned from a long, tiresome day of local travel to keep an appointment at six with Sylvester Baxter. He led me down a little blind-end alley leading off from Milk Street and supporting a row of old-time residences, then already lost in the mass of commercial life about them and since disappeared altogether. One of these was then the birthplace of Mieusset's café. Through its narrow front-entry we went, past the host's tiny bar, up a flight of erstwhile domestic stairs and out into a diminutive roof-garden situated over the rear extension of the house. It was not, however, a roof-garden in the modern sense, for everything from the vines growing overhead to the *vin compris* on the table, was what it pretended to be. Here I found seated a circle of enthusiasts over national coöperation, assembled to eat "Dutch treat" together, to discuss industrial possibilities for the future and to consider ways and means for furthering them. The assembly was styled "The Cold-cut Club," it being forbidden in its constitution for a committee to arrange a meeting over a hot or formal dinner.

The meetings of this little group constitute one of the most pleasant memories of my life. They were absolutely informal. To wish to come was the only eligibility demanded for admission; to eat, drink and make a speech,

regardless of endless interruption, the only price of freedom to depart. Any man might bring a guest, subject to the same conditions, and many and varied were the interesting guests we had: doctor, lawyer, poet, painter, editor and legislator. The only trouble with the whole thing was its popularity; it grew beyond wholesome bounds, was paralleled and copied, and died finally an honorable death of apoplectic prosperity.

If I said that the center of these meetings was Edward Bellamy I should mislead. The center of all interest, enthusiasm and affection he certainly was, and never flagging in the zeal which finally killed him. But a more modest man I never knew. He came more as a guest than as a leader, taking no part in the organization or administration, always needing urging to get him on his feet. But the shrewdness of his digest of the progress of the day and the kindliness of his eye I shall never forget.

Soon after that, Mr. Bellamy, aided by Mason A. Green and Henry R. Legate, started the publication of his weekly review of current news in the light of nationalist doctrine, called *The New Nation.* In the office of this sheet arose many a lively discussion of tendencies present and future, and it was in these that the writer's ideas became better crystallized and formulated. Mr. Bellamy was an uncompromising altruist. "There can be no outcome in equilibrium from the present instability," he would say in effect, "but the universal acceptance of the idea that all men work for all, and that, outside of the home, there is to be no 'mine' or 'thine.' Once grant that the people are to operate the street-railroads and they will not only reduce the fares to cost, say three cents, but fares will be abolished altogether, so that all members of the community shall pay equally for who-

ever chooses to ride. Once admit that to each belongs what he produces, to the inevitable abolition of all profit, interest, dividends and rent and to the hopeless pauperizing of those who cannot produce, and the community will not stop there. Instead of trying to attain to any just distinction between individuals as to their productivity, always a hopeless task, the whole Gordian knot will be cut by the community's taking from each all that he can produce and returning to him all that he can consume. The superior individual will enjoy life better because he is superior, of greater strength of body, mind and heart, getting his peace of mind from the knowledge of helpfulness to others; the poor in body or spirit will be punished, if punishment they ever need, by that worst form of all contemnation, pity. The quite recalcitrant few, of course, will be restrained by force, as now."

This is the position of the consistent altruist. It is a higher and a broader position than my own. And yet I differ with it now, as I did then, to the extent of feeling that there is inevitably an intermediate step, and that upon the advocacy of this step a consistent position may be founded. As to the ultimate outcome, I believe that Bellamy was right; but there lies before us a more concrete, practicable step than the inculcation of his broad philosophy, and that is the plain conservation to each man of the value of what he produces. This is a programme founded upon a principle of commercial right which is already accepted as a formula, if not insisted upon as a fact, by the industrial world; and it is within the industrial and commercial world, not upon it, that whatever reform is to be accomplished must be effected. A start from these premises leads one inevitably, by the path already marked out, to the abolition of all private ownership of tools or services and all individual manipulation

of prices. That once accomplished, the premises are assured. What further steps this one may lead the world into I know not. For the present I do not care. So surely as it is true and right that to each man should be conserved what value he produces, so sure am I that the attainment of that policy will constitute a true advance and assure a truer happiness. What may logically follow then is not to be feared.

There is another and minor personal object in view in this work than the general political one just outlined. It is the rebuke of that school of political doctrine which supports class-privilege and legalized selfishness upon a demonstration of its necessity from a "scientific" basis, which claims that the worst which we now know of mankind is natural to the extent of irremediability. Natural in one sense it surely is, to the extent of being the inevitable effect of a concrete cause; but irremediable it is not, any more than the natural difficulties of navigation or agriculture are irremediable. I preach, instead, that true science and true religion are one; that it is not only the undevout astronomer, but the unphilanthropic, who is mad. He who cannot read from his vernier a faith in and a hope for all things made by God, and chief of all for man, has not read it accurately. I proclaim the faith that he who starts out, consistently and earnestly, from careful observation, with the inductive methods of the Baconian philosophy, must inevitably end up with the moral principles of the four gospels as his scientific conclusions. It is to thus rebuke with all the earnestness at my command the intellectual superficiality, as well as the cruelty, of the so-called *laissez-faire* school of political doctrine which was one of the minor objects in undertaking this work. The evidence of the falsity of this school has long been palpably available to any man who would

seriously undertake sociological study with that proper sense of responsibility to the community and of faith in man which must exclude trifling and ensure success. The reckless superficiality of its work and the bigotry of its attitude, in the face of all this evidence, now stand as the complete explanation of why the people have remained untaught by scientific theory, of why they have not yet heeded the lessons of their bitter experience, of why it is still being left to the painful force of iniquitous circumstance to set the popular foot upon the path of reform, when it might imaginably have been initiated by peaceful and rational, but more forceful, discussion. If we should ever find that we had followed France and Russia in inviting violent revolution—as might already appear to be the case, from Homestead, Chicago and Colorado,—by the stupidity of our conservatism, it is this particular school of public writers which we shall then have to thank, almost exclusively, for our affliction.

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